



Submitted

CITYWIDE BUSINESS PLAN

2015-2020



BUDGET OFFICE



CITY OF KANSAS CITY, MISSOURI

CITYWIDE BUSINESS PLAN

2015-2020



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INTRODUCTION

Review of 2014-2019 Citywide Business Plan

The City Council of the City of Kansas City, Missouri has adopted goal statements to guide the budget process and to ensure clearly communicated priorities. The Council's goals encompass the following major categories:

- Customer Service
- Finance and Governance
- Infrastructure and Transportation
- Neighborhoods and Healthy Communities
- Planning, Zoning, and Economic Development
- Public Safety

City Manager Troy Schulte tasked the Finance Department to organize the Council's goals into a comprehensive renewable five-year Citywide Business Plan and to prepare a Financial Strategic Plan for the City. The objectives identified in the plans are then used to inform the inputs and assumptions for the five-year planning model, along with factors that impact growth, reasonable growth rate assumptions, and critical values.

The 2014-2019 Citywide Business Plan proposed 22 financial objectives. On November 26, 2013, the City Council passed Resolution No. 130890 to adopt the first annual Financial Strategic Plan and its 22 objectives. The Resolution also approved the Five-Year Planning Model as the tool to evaluate financial and operational alternatives throughout the planning and budget process. Finally, the Council adopted the "Balanced" scenario that addressed several objectives identified in the resolution. The residents of Kansas City recently approved the incorporation of the Financial Strategic Plan and Five-Year Planning Model into the City Charter.

The City Council directed the City Manager to include the assumptions of the Financial Strategic Plan and the Five-Year Planning Model in the Submitted FY 2014-15 Budget.

A status update of the 22 objectives is provided in Appendix A.

Strategic Plan Hierarchy

A successful strategic plan follows an organized hierarchy starting with the policy team's Vision Statement, an aspirational description of what an organization would like to achieve or accomplish in the mid-term or long-term future.

Our local government will be nationally known for its transformative efforts that make Kansas City the diverse community of choice for people to live, work, and play as a result of its business, educational, and cultural opportunities; sustainable, vibrant neighborhoods; connectedness; safety; and vitality.

The *Mission Statement* is a written declaration of an organization's core purpose and focus that normally remains unchanged over time.

The City of Kansas City, Missouri is America's creative cross-roads. We employ innovative strategies to effectively and efficiently provide customer focused public services, foster respect for all citizens, and develop sustainable healthy communities where all – from youth to seniors – prosper and are safe. We lead by envisioning and embracing new approaches; inspiring; collaborating; measuring progress; and celebrating success.

The City Council and departments then develop goals and objectives to achieve the organization's mission. Key Performance Indicators (KPIs) associated with the Council's priorities will measure and monitor progress throughout their successful completion.

Hierarchy	Definition
Constituencies	Who we serve
Core Values	What we believe
Vision Statement	What we strive to become
Mission Statement	What we exist to do
Goals	What we do to achieve the mission
Objectives	How we achieve each goal
KPI s	How we measure success

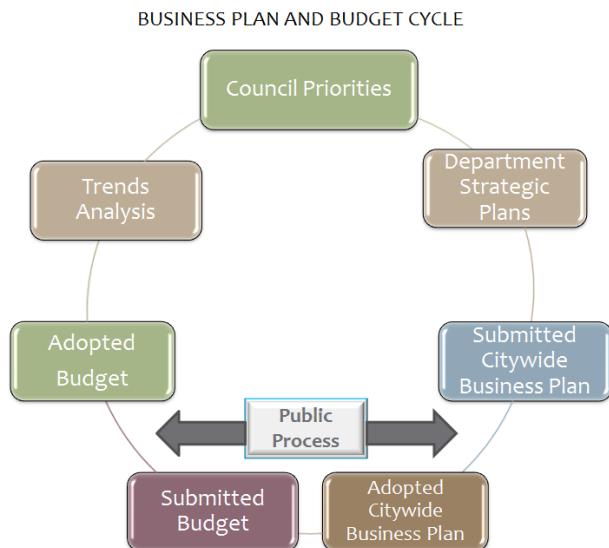
The Structured Change Management approach to developing departmental strategic plans is designed to incorporate several essential components that traditionally have been handled as separate processes into a common template:

- A strategic plan for the Department;
- Strategic business plans for each division;
- Performance metrics, which the City Manager has encouraged through the establishment of a performance management unit;
- Process mapping and analysis;
- Budget analysis;
- Improvements in internal and external communication which, ultimately, will enhance organizational performance.

Seven departments and 34 divisions have completed their business plans. All departments continue to refine their plans and others are working with outside consultants.

Process Overview

The Citywide Business Plan will drive the budget process, ensuring that the Council's priorities get the attention, funding, and systems that make their achievement possible. In addition, the plan will integrate department plans with the Citywide Business Plan, thus bringing all of the plans together into a cohesive whole.



Execution of the citywide plan and allocation of resources to Council priorities in the plan will be managed by the Budget Division via the annual budget process. Performance will be compared and prioritized to assist in annual budget decisions and ensure alignment with the City's Five-Year Financial Plan.

Partner	Role
City Council/Mayor	Adopt citywide vision, mission, goals/objectives
Finance/Budget Office	Manage and develop citywide business plan and annual budget
Finance/Accounts	Prepare Financial Trends report to build expert knowledge of factors that impact performance and funding levels
General Services Department	Facilitate, monitor and report on department strategic plans and division business plans
Office of Performance Management	Draft, monitor, report Key Performance Indicators
Communications	Coordinate public support and participation

2015-2020 Citywide Business Plan

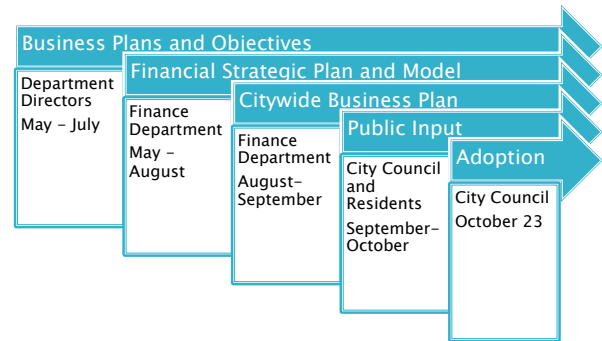
This second annual Citywide Business Plan will serve as the overall road map for funding the City's priorities during the next five fiscal years ending April 30, 2015-2020.

In June 2014, Department Directors met and identified 51 objectives for this year's Citywide Business Plan, linked to Council goals. The Plan will provide the City Manager the "playbook" to define for our citizens where the City is, and where it is headed. The Citywide Business Plan will ensure that all departments share in a clear, purposeful direction and, through mutually-agreed priorities, inform the allocation of resources to meet Council-determined priorities.

This second edition of the Citywide Business Plan contains three sections:

- Business Plan: citizen satisfaction survey results, key performance indicators and departmental objectives organized by Council priority.
- Financial Strategic Plan: analysis of revenues, expenditures and long-term liabilities to provide expert knowledge of the City and inform the inputs and assumptions for the five-year model.
- Five-Year Planning Model: baseline and balanced scenarios.

The City Charter requires the annual plan be adopted by November 1:





VISION STATEMENT

Our local government will be nationally known for its transformative efforts that make Kansas City the diverse community of choice for people to live, work, and play as a result of its business, educational, and cultural opportunities; sustainable, vibrant neighborhoods; connectedness; safety; and vitality.

COUNCIL GOALS

CUSTOMER SERVICE

Create an internal culture that operationalizes the focus on the customer across all services provided by the City.

FINANCE AND GOVERNANCE

Strengthen, expand, and make judicious use of Kansas City's economic resources in order to achieve short-term and long-term economic prosperity.

INFRASTRUCTURE AND TRANSPORTATION

Strengthen the transportation system and the City's physical infrastructure in ways that enhance connectivity among neighborhoods, business centers, and cultural/recreational destinations while maintaining the City's standing as the major American crossroads.

NEIGHBORHOODS AND HEALTHY COMMUNITIES

Support the development, maintenance, and revitalization of sustainable, stable, and healthy communities in which neighborhoods are safe, clean, well maintained, and consistently improved.

PLANNING, ZONING AND ECONOMIC DEVELOPMENT

Develop a vital economy where there is opportunity for growth, particularly in historically underdeveloped areas; citizens have opportunities for creating wealth and prosperity; and visitors consider Kansas City a desirable destination.

PUBLIC SAFETY

Protect Kansas City residents, visitors, and employees by providing comprehensive, high quality public safety services, including programs to prevent or significantly reduce public safety problems and threats in a timely manner.



MISSION STATEMENT

The City of Kansas City, Missouri is America's creative crossroads. We employ innovative strategies to effectively and efficiently provide customer focused public services, foster respect for all citizens, and develop sustainable healthy communities where all – from youth to seniors – prosper and are safe. We lead by envisioning and embracing new approaches; inspiring; collaborating; measuring progress; and celebrating success.

VALUES IN ACTIONS

A | ACCOUNTABILITY

We hold ourselves accountable for our actions, are fiscally responsible, and provide competent and efficient services to meet our community's needs.

C | CUSTOMER SERVICE

We maintain high standards in providing city services. We work with courtesy, respect, and responsiveness to meet our customer's needs.

T | TECHNOLOGY

We are committed to using technology to improve and revitalize city government and services and advance timely achievement of performance-driven goals and objectives.

I | INTEGRITY

We believe in complete honesty in all that we do. We have a high standard of ethics and commitment to public service at all levels of City government.

O | ORGANIZATION

We recognize that our employees are critical to achieving our quality organization and excellent service record. We support employee development and opportunities for personal and professional growth.

N | NEW IDEAS & RISK = INNOVATION

We are open to new ideas as the basis for imaginative and resourceful problem solving. We encourage employees to initiate responsible risk-taking that transforms new ideas into innovative services.

S | SUSTAINABILITY

We pursue environmentally sustainable practices and policies, both through energy conservation and the promotion of environmentally responsible transportation and land use policies.



CITYWIDE BUSINESS PLAN

State law and the City Charter require the City Council to adopt a balanced budget. The City has implemented significant spending reductions in each of the last five years to achieve that balance, including a 20% reduction in non-public safety positions funded through general municipal revenues. More than half of the positions eliminated were in Park Maintenance, City Planning and Development, Street Maintenance and middle management. Other significant changes include closing the Municipal Correctional Institution, closing the greenhouse, privatizing the Animal Shelter, and reducing the number of City departments.¹

The fact that these reductions have been persistent, and in some cases increasing, points to a structural imbalance that, without additional resources, will lead to even more austerity measures and disruption of City services.

Public involvement in strategy development is crucial in order to legitimize the choices made to achieve structural balance, and to ensure those choices reflect stakeholders' priorities and preferences for service levels. Citizens and the business community are customers of public services, owners by virtue of paying taxes and voting, and are partners in working to achieve public goals. The top four priorities from the 2014 Citizen Survey results are:

- maintain streets and sidewalks
- reduce crime and increase police visibility
- improve public transportation
- enforce neighborhood property maintenance

The strategic objectives contained within this plan will provide the Mayor and City Council with the information necessary to formulate long-term strategies to ensure the availability of City services at a level appropriate to meet the needs of the community. This year's enhancements include:

1. Objectives selected by departments and organized within City Council goals.

2. A first step to link expenditures to City Council goals and to service outcomes, giving stakeholders a better understanding of a program's operations, the variables that affect funding levels, and the impact of funding decisions on service levels.

3. A new process for public review and comment on the proposed plan.

The planning process influences budget formulation by identifying parameters to reach fiscal balance. The budget is then used to operationalize the financial plan by implementing specific financial strategies, ensuring a match between the financial plan and evolving service demands, and linking operating, capital, and debt planning efforts. Once acceptable levels are determined, a forecast model that links expenditure choices to service levels and performance standards will give policymakers the tool to set priorities, make choices, and understand the opportunity costs of those choices.

A successful strategic plan is supported by strong guidance from elected officials on what the organization values and believes to be important as expressed through official policy. Each of the six goals identified by the City Council: Customer Service, Public Safety, Transportation and Infrastructure, Neighborhoods and Healthy Communities, Planning, Zoning and Economic Development, Finance and Governance are presented with the following components:

- Citizen priorities (citizen survey results)
- Measures of success (key performance indicators) and
- Strategic objectives identified by departments, linked to Council goals

The Citizen's Priorities and Measures of Success associated with each priority will be instrumental in monitoring and reporting the results of this plan.

¹ Report by the Citizens Commission on Municipal Revenue

COUNCIL GOAL**Customer Service**

Create an internal culture that operationalizes the focus on the customer across all services provided by the City.

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DEPARTMENTAL STRATEGIC OBJECTIVES

1. Implement goals and objectives of the “FY 2014-15 Citywide Customer Service Goals and Objectives.”
2. Require that all departments identify customer needs, demands, and expectations, and regularly seek their feedback.
3. Adopt, implement, and maintain a strategic communications business plan that executes the City Council’s business plan.
(KPI: two-year plan)
4. Develop strategic citywide communication/marketing plans, both internal and external:
 - a. Require each City department to develop a communications plan to enhance internal communications, within and between departments.
 - b. Develop an external communications plan that:
 - i. Designates ownership for follow up and “closing the loop” to ensure that resident inquiries, needs, and requests are handled well.
 - ii. Enhances communication with citizens, including ways to encourage participation in public forums.
 - iii. Expands community engagement and maximizes no cost/low cost methods to share information and provide educational information.
5. Improve online accessibility by providing self-service options for various types of transactions.
6. Serve our diverse citizenry by exploring ways to communicate effectively in multicultural situations.

CITIZEN PRIORITIES

As noted in the 2013-14 Annual Citizen Survey, there are significant increases in positive ratings for Kansas City as a place to live, raise children, and work. Overall satisfaction with City services continues to improve and 63% of those surveyed, who had an opinion, indicated they were satisfied with the quality of life in Kansas City. The two communication services that residents thought were the most important for the City to provide were: (1) the availability of information about City programs/services and (2) the level of public involvement in decision making.

Measures of Success

- Percent of citizens satisfied with customer service from city employees
- Percent of citizens satisfied with effectiveness of communication from city
- Percent of businesses satisfied with customer service from city employees
- Percent of customers satisfied with quality of 311 service request outcomes
- Percent of requests closed within established timeframes

COUNCIL GOAL**Finance and Governance**

Strengthen, expand, and make judicious use of Kansas City's economic resources in order to achieve short-term and long-term economic prosperity.

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DEPARTMENTAL STRATEGIC OBJECTIVES

1. Develop and execute strategies to ensure approval of major tax renewals.
 - a. Pursue legislation to remove or significantly lengthen the five-year sunset provision on the City's earnings tax.
2. Integrate the City's strategic plan, long-term financial plan, and annual budget.
3. Develop an organizational standard of administrative, governance, and financial core competencies.
4. Make information about the City's performance, operations, and financial condition more transparent, user-friendly, understandable, and accessible to customers.
5. Enhance or strengthen the City's General Obligation AA credit rating.
6. Improve safety, reduce risks, and reduce exposure to claims for residents, employees, and visitors by establishing citywide policies and processes to identify hazards; develop recommendations for abatement by level of risk; and, track completion dates using the existing Archibus system.
7. Equalize growth of public safety expenditures with expenditures in other areas and determine the optimal mix of services.
8. Identify the largest potential opportunities for cost savings and efficiencies through operational analyses and performance indicators.
9. Establish a community/departmental panel or task force to

investigate causes of the City's racial divide and make recommendations on solutions.

10. Develop and implement a vehicle and equipment replacement program.

CITIZEN PRIORITIES

As reported in the annual survey, 37 percent of citizens responded "satisfied" or "very satisfied" with the value received for city tax dollars and fees, up from 35 percent last year, and significantly higher than the first report in 2005 of only 25 percent.

Measures of Success

- Percent of citizens satisfied with the value received for tax dollars
- Percent of citizens satisfied with how ethically the city conducts business
- General Fund balance
- Structurally balanced budget
- Debt service as a percent of expenditures
- Pension systems funded ratios
- Employee satisfaction with overall leadership provided by the top city management and elected officials
- Annual occupational injury and illness rate
- Percent of fleet within lifecycle

COUNCIL GOAL**Infrastructure and Transportation**

To strengthen the transportation system and the City's physical infrastructure in ways that enhance connectivity among neighborhoods, business centers, and cultural/recreational destinations while maintaining the City's standing as the major American crossroads.

DEPARTMENTAL STRATEGIC OBJECTIVES

1. Determine investment to maintain all City infrastructure assets to maximize useful life.
 - a. Set short-term and long-term priorities.
 - b. Improve the street condition measurement system and develop an agreed upon pavement condition index (PCI).
 - c. Develop a strategic plan to address the bridge repairs and replacements.
 - d. Support Land Bank efforts to market properties for productive use.
2. Implement the Envision Sustainable Infrastructure Rating System in all infrastructure planning and projects to maximize sustainable development solutions.
3. Increase access to multi-modal transportation options such as buses, bicycle lanes, trails, and the new streetcar system. Develop a plan for the connectivity of these systems.
4. Create a plan to implement strategic infrastructure investments in the Twin Creeks area that capitalize on natural features, promotes unique development patterns, builds civic space, and promotes sustainable design and construction.
5. Explore partnerships to expand sharing of public resources across government jurisdictions.
6. Execute consent decree requirements for the overflow control program.
7. Implement the City Energy Project to promote energy efficient improvements.

8. Protect the integrity of the Park and Boulevard system while encouraging quality, sustainable development.

9. Increase the recycling rate through policies and programs that promote recycling.

10. Reduce the amount of time for water main repair and restoration.

11. Establish an "ADA Implementation Plan" to meet Department of Justice's requirements.

CITIZEN PRIORITIES

Residents gave low marks to the condition of streets and public transportation. A high percentage of respondents identified these areas as services the City should emphasize over the next two years. A combination of low satisfaction and high importance means citizens ranked maintenance of streets, sidewalks, and infrastructure as the City's highest priority, and public transportation as its third highest priority.

Measures of Success

- Pavement condition index
- Percent of citizens satisfied with maintenance of streets
- Percent of citizens satisfied with the quality of public transportation
- Percent of commutes by bike
- Percent of water main break repairs and restorations in 30 days or less
- Recycling ratio

COUNCIL GOAL

Neighborhoods and Healthy Communities

Support the development, maintenance, and revitalization of sustainable, stable, and healthy communities in which neighborhoods are safe, clean, well maintained, and consistently improved.

DEPARTMENTAL STRATEGIC OBJECTIVES

1. Increase overall life expectancy and reduce health inequities in all zip codes.
 - a. Establish multi-departmental committee or task force to identify underlying causes of the City's inequities and recommend an implementation plan.
2. Produce the Community Health Improvement Plan (KC-CHIP).
3. Support legislation to provide the City and local neighborhoods better control over the future of vacant properties as quickly as possible.
4. Reduce blight:
 - a. Redevelop, repurpose, and clear vacant lots and buildings in collaboration with community partners.
 - b. Aggressively market vacant property inventory to potential investors to stabilize neighborhoods.
 - c. Form cross-departmental teams to create strategies for NHS target neighborhoods.
5. Set a sustainable performance standard for demolishing dangerous structures.
6. Perform a housing condition survey.
7. Develop an enhanced youth program that provides educational and/or recreational opportunities.
8. Reduce illegal dumping and littering by removing disposal access.
9. Improve access to locally grown, processed, and marketed healthy foods.
10. Ensure resources invested in community centers match demand for services.

CITIZEN PRIORITIES

As noted in the 2013-14 Annual Citizen Survey, the highest levels of satisfaction with neighborhood services were: quality of animal control (42%) and the exterior maintenance of residential property in your neighborhood (40%). Residents were least satisfied with the property maintenance of vacant structures (18%). Parks and recreation services with the highest levels of satisfaction were: maintenance of parks (71%), quality of facilities, picnic shelters, and playgrounds (66%), and maintenance of boulevards and parkways (66%). Residents were least satisfied with pools and programs (41%), and youth athletic programs (40%).

Services recommended as top priorities are:

- enforcing property maintenance of vacant structures and enforcing the clean-up of litter and debris on private property
- guarding against food poisoning through restaurant inspections
- mowing and tree trimming along streets and other public areas.

Measures of Success

- Citywide litter index
- Percentage reduction in identified demolitions
- Percent of citizens satisfied with KC as a place to live
- Percent of citizens satisfied with access to healthy foods and active living
- Life expectancy variance between zip codes
- Percent of citizens satisfied with overall quality of neighborhood services
- Percent of code enforcement cases voluntarily brought into compliance
- Citizens satisfied with community services

COUNCIL GOAL

Planning, Zoning, and Economic Development

Develop a vital economy where there is opportunity for growth, particularly in historically underdeveloped areas; citizens have opportunities for creating wealth and prosperity; and visitors consider Kansas City a desirable destination.

.....

DEPARTMENTAL STRATEGIC OBJECTIVES

1. Develop a comprehensive, long-range economic growth plan with attention to historically underdeveloped areas.
 - a. Join the Civic Council's efforts to participate in the Brookings Institution's "Prosperity at a Crossroads" report.
2. Implement the City's AdvanceKC strategic plan.
3. Implement the City Planning & Development improvement plan in order to streamline business processes and systems.
4. Implement activities that foster small business growth and development.
5. Enhance Kansas City as a destination for personal and business visitors.
6. Develop a defined Economic Development unit within the City.
7. Define the roles and opportunities available through the Economic Development Corporation, Urban Neighborhood Initiative, Land Bank, Green Impact Zone, and other programs.
8. Prepare the airport terminals at KCI to meet and exceed the future needs and requirements for our customers and tenants to make KCI a world-class airport.

CITIZEN PRIORITIES

As reported in the most recent business survey, the top four business location factors that are not being met are: safety and security, streets and roads, public safety services, and utility/telecommunication infrastructure.

Measures of Success

- Jobs retained/created
- Business satisfaction with customer service
- Rating of Kansas City as a place to do business
- Growth in average annual wage
- Population growth

COUNCIL GOAL**Public Safety**

To protect Kansas City residents, visitors, and employees by providing comprehensive, high quality public safety services, including programs to prevent or significantly reduce public safety problems and threats in a timely manner.

DEPARTMENTAL STRATEGIC OBJECTIVES

1. Reduce crime among all age groups.
 - a. Reduce crime by creating and implementing a youth and family violence prevention master plan.
2. Reduce the impact of frequent/chronic users of public safety services and provide and/or partner with other organizations to deliver more appropriate and effective services to these individuals.
3. Maintain and enhance public safety capabilities to respond efficiently and effectively to natural/manmade disasters through the use of new technology and existing resources.
4. Develop a strategic social media/communications plan to share information during community emergencies.
5. Prevent animal-related threats to public safety and animal welfare through improved pet license compliance and effective animal response operations.
6. Encourage citizen participation in neighborhood efforts to reduce crime.

CITIZEN PRIORITIES

According to the 2013-14 Annual Citizen Survey, 66% of respondents indicated that they were satisfied with the feeling of safety in their neighborhood, 82% were satisfied with the overall quality of local fire protection and rescue, and 80% were satisfied with how quickly fire and rescue personnel respond to emergencies.

The two police services that residents thought were the most important for the City to provide were: (1) the City's overall efforts to prevent crime and (2) the visibility of police in neighborhoods. The two fire and emergency medical services that residents thought were the most important for the City to provide were: (1) how quickly fire and rescue personnel respond to emergencies and (2) how quickly ambulance personnel respond to emergencies.

Measures of Success

- Crimes against persons per capita
- Crimes against property per capita
- Percent of citizens satisfied with effectiveness of local police protection
- Percent of citizens satisfied with quality of fire and rescue services
- Percent of citizens satisfied with quality of emergency medical response
- Return of spontaneous circulation (ROSC) rate
- Percentage of licensed pets

FINANCIAL STRATEGIC PLAN

The Citywide Business Plan is the City Manager’s playbook to execute the City Council goals through a series of objectives. The top goal in the Finance Department Strategic Plan is “to lead the City’s efforts toward *fiscal sustainability*” by a series of departmental objectives including “to develop a long-term financial plan in concert with the City Strategic Plan.” The *Financial Strategic Plan*, and the corresponding five-year planning model, is the financial document, or blueprint, to ensure fiscal sustainability. To that end, the City Council adopted 22 objectives as part of the 2014-2019 Financial Strategic Plan, highlighted in Appendix A.

Fiscal Sustainability: Much like its namesake in environmental policy, fiscal sustainability is a series of policies, procedures, and practices that allow the City to achieve its priorities and maintain its service levels in primary outcomes while not over-extending or depleting its resources. In essence, fiscal sustainability means maintaining a clean fiscal environment. Fiscal sustainability in Kansas City includes several City Council-adopted financial policies that provide benchmarks to measure solvency. The adopted policies include:

- Fund Balance and Reserves
- Structurally Balanced Budget
- Revenue
- Debt
- Investment
- Street Maintenance Funding.

The challenge is not just achieving budgetary solvency, but sustaining service-level solvency. As a result, this financial plan looks to stabilize public safety funding and stop the cycle of annual cutbacks in other quality of life services.

Strategic Fiscal Planning: The goals of strategic financial planning are to:

- Understand available funding sources
- Identify key variables that impact revenue
- Quantify opportunity costs of decisions
- Assess the likelihood that service levels can be sustained

- Assess the level at which capital investment can be made
- Identify future commitments and resource demands

A key component of the strategic fiscal planning process is determining whether a package of revenue and expenditure options being considered for the budget will maintain, erode, or improve a government’s financial position in the budget period and in the long term.

Statistical modeling and trend analysis for revenues provide a range of future growth rates that are then used to estimate the level of available funding. Expenditures are then estimated based on varying assumptions while linking operating, capital, and debt planning efforts in order to identify appropriate strategies to achieve the City’s goals. *Decisions are no longer made in a vacuum, but within a framework of all competing interests and priorities.*

Environmental Scan and FY 2014-15 Financial Highlights

includes data and analysis of key economic, demographic, and financial indicators from the annual Financial Trends Monitoring System (FTMS) report. FTMS provides detailed analysis of economic and demographic variables, revenues, expenditures, long-term liabilities and fund balance to build expert knowledge of the organization and its environment, which is vital to the quality of the plan. The results are then used to inform the inputs and assumptions for the five-year planning model—factors that impact growth, growth rate assumptions, and critical values.

Financial Objectives: The 2015-2020 Financial Strategic Plan adopts the following financial management strategies to meet Council goals:

1. Develop multi-year business plans for each department that meet service goals while staying consistent with financial realities.
2. Link budget allocations to measured service levels.

3. Develop legislative priorities to ensure revenues are free from spending restrictions to allow adjustments to changing conditions. Develop appropriate renewal or replacement strategies for taxes with renewal requirements.

4. To the extent practicable and equitable, fee supported services should be self-supporting.

5. Leverage tax exporting opportunities—taxes paid by non-residents using City services—to ease the overall burden on the City's taxpayers.

6. Develop an annual tax burden study.

7. Adopt a model portfolio of services and adjust the City's expenditure ratios as needed to maintain portfolio balance.

8. Coordinate with public safety departments to identify outcome-driven performance measures for inclusion in the annual budget.

9. Adopt a policy for the optimal frequency to rebid the City's health care insurance provider.

10. Evaluate staffing ratios to ensure effective and efficient service delivery.

11. Adopt ratios for an optimal mix of infrastructure financing methods (pay-as-you-go vs. debt financing vs. leveraged funds) that protects the City's investment, minimizes future replacement and maintenance costs, and ensures continued service.

12. Future bond issues for new spending should have a new revenue source.

13. Adopt debt issuance target ratios.

14. Ensure the actuarial soundness of the City's pension systems.

15. Address other post-employment benefits liability through

either plan design changes, direct funding, or both.

16. Adopt the five-year planning model as the City's tool to link operating, debt, and capital funding decisions that identifies appropriate strategies to achieve Council goals.

Critical Values: Model scenarios focus on variables that significantly impact the long-term fiscal health of the organization. Generally, critical values are items that are at least +/- \$500,000 in any one year, or \$2,000,000 over the five year period.

Workforce costs are critical values, because municipal government is labor intensive. It takes people to respond to emergencies, maintain streets, and deliver municipal services. Wage and benefit costs represent more than two-thirds of overall General Fund spending in the FY 2014-15 Budget, and must be addressed thoughtfully as part of long-range financial planning. Growth rates for health and pension costs, representing more than 20% of the total General Fund budget, have been one of Kansas City's primary "budget busters" and are projected to continue to pressure the City's finances.

Five- Year Planning Model: The model is used to monitor long-term financial health, illustrate the impact of policy decisions and potential trends, and create a common set of assumptions and expectations. It begins with City Council goals and objectives based on what we know (FY 2014-15 Adopted Budget, revenue forecast assumptions, known changes in expenditures, etc.) The "base" scenario is then recast to reflect what the City Council wants to achieve:

- Improved financial health
- Improved service delivery in selected areas
- An overall Capital Improvements funding strategy
- A balanced portfolio reflecting the six Council goals.

ENVIRONMENTAL SCAN

An Environmental Scan is a catalog of community needs and resources that encompass economic and demographic characteristics such as population, employment, personal income, property value, and business activity. The City's community needs and resources are different sides of the same coin. On one side, resources describe the community's wealth and its ability to generate revenues; on the other side, needs outline demands that the community will make on local government, i.e. public safety, capital improvements and additions, and social services.

The needs and resources of a community are closely interrelated; changes in one trend affect the other, and the changes are often cumulative. Indicators can provide valuable information for financial forecasting. In addition, they can inform policies or practices to avert negative trends before they develop or become serious.

The Environmental Scan utilizes data and analysis from the U.S. Census Bureau and the City Planning and Development Department. Additional detail for these and other factors impacting performance and funding levels are evaluated in the City's annual Financial Trends Monitoring System (FTMS) report.

Population

Changes in population can directly affect the City budget, impacting tax collections and cost of services. An increasing population is generally considered positive. Because of the interrelationship between population levels, other economic and demographic data, and the high percentage of fixed costs, a decline in population is a warning trend. Rapid increases or decreases are also warning trends, as timely reaction to extreme and sudden change can be difficult.

The composition of the City's population including the population under 18 and over 64, and the percent of high school and college graduates can be important measures of community assets and liabilities. Subcomponents of population will demand, draw upon, and provide funding for City services in very different ways.

The 2014 population estimate for Kansas City is 468,884, which represents two percent growth since the 2010 Census, and four

percent growth over the last 10 years. The Kansas City Metropolitan Statistical Area experienced estimated growth of 2.8 and 8.1 percent over the same periods of time, respectively. Much of the growth in Kansas City is concentrated towards the northern, southern, and eastern City limits, with expectations for more growth as those areas continue to develop.

Population should increase in the downtown area as the City continues housing construction with new dwelling units in the immediate vicinity in and around the Central Business District. Population losses in the central, urban core of the City, as well as older sections north of the river, continue a trend of the past several decades.

Place

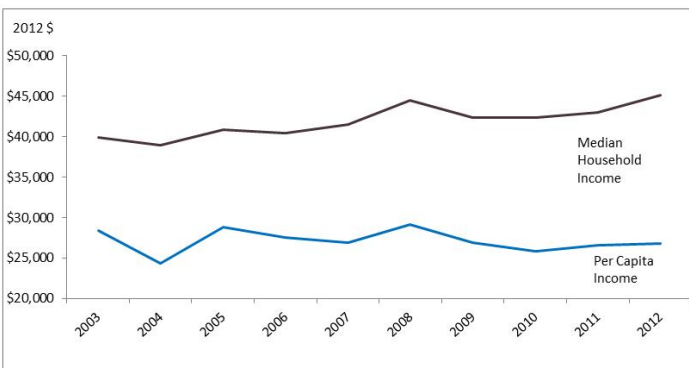
Providing good infrastructure for new and existing residents and businesses is a serious concern. The City of Kansas City's geographic realities – a land area of 320 square miles, low densities, and dispersed development – are probably most to blame for the challenges related to development, maintenance, and refurbishment of infrastructure. Its geography also makes it difficult for Kansas City to provide effective transit capacity and service for its residents.

Housing in the City of Kansas City is comparatively affordable. The median price for existing homes (2013 1st Quarter) is \$133,100, which compares favorably to peer cities.

Income

Income per capita and median household income are two measures of a community's ability to pay taxes. Generally, the higher the income levels, the more property taxes, sales taxes, income taxes, and business taxes the City can generate. If income is distributed evenly, a higher per capita income may mean a lower dependency on governmental services. A decline in per capita and household income results in a loss of consumer purchasing power that in turn hurts retail business and can ripple through the rest of the local economy. Credit rating agencies use per capita personal income as a measure of the health of the local economy.

Per capita income in Kansas City has decreased by six percent between 2003 and 2012, according to Census estimates, while median household income has decreased by 8.0 percent over the same period. Both figures are adjusted for inflation.



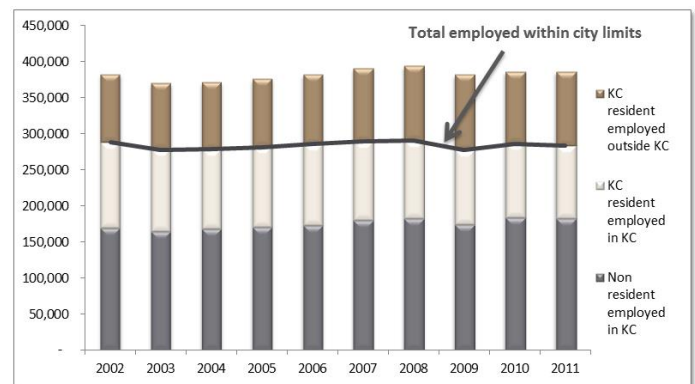
In addition, the percentage of individuals living below the poverty level has decreased from 2011 to 2012 (19.5 percent to 18.8 percent), but has remained above the average for the last 10 years (17.3 percent). While per capita income is above that of the state of Missouri, both median household income and percentage of persons below the poverty level lag behind.

Employment

Employment base is directly related to business activity and personal income. A growing employment base provides a cushion against short run economic downturns in one sector. A reduced percentage of employed citizens can be an early sign of an economic downturn, which would likely have a negative impact on government revenues. Credit rating agencies consider the employment base the primary measure of a city's ability to attract future economic growth and viability.

The earnings tax is the single largest revenue source for the City, and collections are a direct function of employment levels. Kansas City's total employment declined four percent in 2003 and four percent again in 2009, but has remained fairly stable otherwise, ranging between 280,000 and 290,000 jobs. Employment in 2011 of 283,454 is slightly below the ten year average.

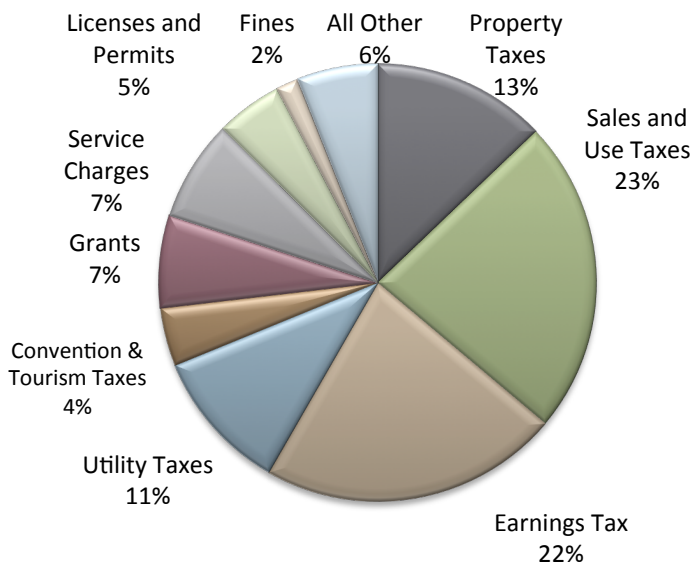
Kansas City collects earnings tax on all persons working within the City limits, but also on every resident, regardless of where they work. That brings the total taxable employees to over 380,000. The tax base is almost evenly divided between residents and non-residents.



FY 2014-15 FINANCIAL HIGHLIGHTS

General Municipal Revenues: \$912.4 million

The City's current revenue structure is diversified and generally sound, drawing upon a variety of taxpayer types (resident/non-resident, individual/business) and tax base options (property, sales, earnings, utility). No single source provides more than a quarter of total revenues. Property taxes are relatively low, and a majority of other revenues are partially paid by non-residents using City services, easing the overall burden on Kansas City's taxpayers.



Earnings and Profits Tax: \$202 million

The City levies a one percent Earnings and Profits Tax on employee gross compensation and business net profits. The tax applies to all residents of Kansas City, Missouri, regardless of where they work, and to the earnings of non-residents working within City limits.

Earnings Taxes fund 22% of General Municipal functions, and 42% of the General Fund. A potential threat to this important revenue source is Proposition A, which requires earnings tax renewals every five years. Although Kansas City residents overwhelmingly approved a five-year extension through December 2016, the City's long-term financial health is vulnerable to renewal requirements of this critical source of operating funds.

Sales and Use Tax: \$212.5 million

Some of the individual components of the City's Sales and Use Tax rate of 2.875% have broader statutory authority than others, but all uses are currently limited more specifically by City ordinance or dedicated by voter approval to specific purposes.

A potential threat to this important revenue source is the growing trend of online sales. The City is not authorized to collect taxes on internet transactions unless the seller has a nexus in Kansas City, Missouri. Economic factors impacting sales and use tax revenues include inflation, income, the cost of consumer credit, and changes in retail development.

Property Tax: \$117.2 million

The Hancock Amendment requires an annual levy certification that limits both revenue windfalls and shortfalls. The maximum levy rates are allowed to increase by the lesser of the Consumer Price Index or assessed value growth, not including new construction or a new voter approved levy increase. As a result, property tax revenue is mostly stable: when market value increases, levy rates are adjusted down; when market value decreases, levy rates are adjusted up.

Franchise Fees: \$96.5 million

Franchise fees are assessments, based upon gross receipts, for electricity, natural gas, land-line telephone, wireless telephone, cable and steam utility companies. The City's franchise fees collections are dependent on utility rate increases granted by the Public Service Commission for electric and natural gas. Other factors that affect franchise fee revenue include consumption patterns (energy conservation and "green" initiatives), weather conditions, number of customers, competition (mostly in telephone and cable industry) and statutory exemptions.

Economic Incentive Redirections: \$51.8 million

Kansas City has benefitted from revitalization efforts that have been spurred by Tax Increment Financing (TIF) and Super TIF (STIF) agreements. Under these development agreements, the City transfers (redirects) some combination of economic activity taxes (EATS) and payments in lieu of taxes (PILOTS) to reimburse qualified development expenditures. Redirections of revenue are justified by a “but for” test: the development and resulting tax revenue would not have materialized “but for” the use of TIF/STIF. Redirections have nearly tripled in the last 10 years and in fiscal year 2014-15 they represent 9% of gross tax revenues.

Tax Burden

The City’s diverse revenue structure spreads the tax burden across businesses, residents, non-residents working in Kansas City, and visitors, each of whom benefit from and consume public services (horizontal equity). Generally, businesses taxes are low compared to national averages. Kansas City ranks high nationally with regard to state and local combined individual tax burden for most income groups (vertical equity).

After many failed attempts to find equitable and affordable remediation to the high tax burden on the City’s most vulnerable population, the Citizens Commission on Municipal Revenue recommended that policymakers focus investments on improving the quality of life for those at the lowest income levels.

Revenue Growth Rates for Five-Year Model

Staff recommends the following growth rates for the five-year planning model, based on historical trends, statistical modeling, and expert opinion:

Earnings: 2.5%

Sales: 1.5%

Property: 1.5%

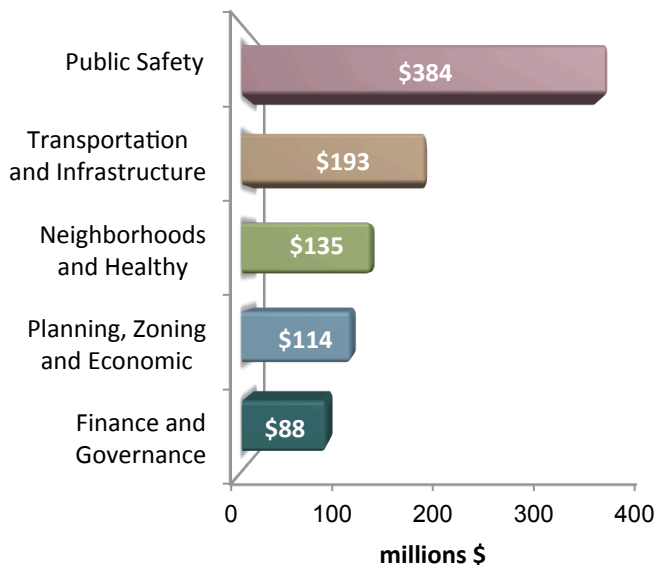
Franchise Fees: 3.5%

Tourism and Leisure: 1.5%

Governmental Activities: \$915.8 million

General Fund Expenditures: \$437.7 million plus \$40.9 million transfers out

Governmental Activities funds provide programs and services paid for by taxes, fees, and service charges such as Police, Fire, Public Works, Parks and Recreation, Neighborhoods and Housing Services and Health. Within the budget document, departments are organized by Council priorities. The largest category in Governmental Activities is Public Safety, representing more than 40% of the total.



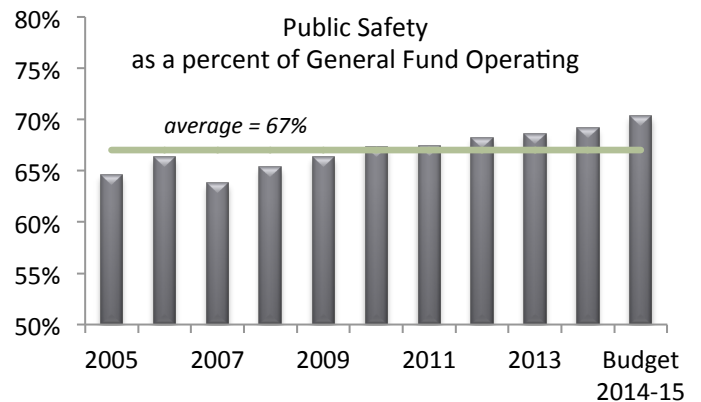
The majority of Public Safety expenditures are budgeted in the City's main operating fund, the General Fund, and there comprise more than 70% of the total, not including transfers out.

Public Safety: \$384.4 million

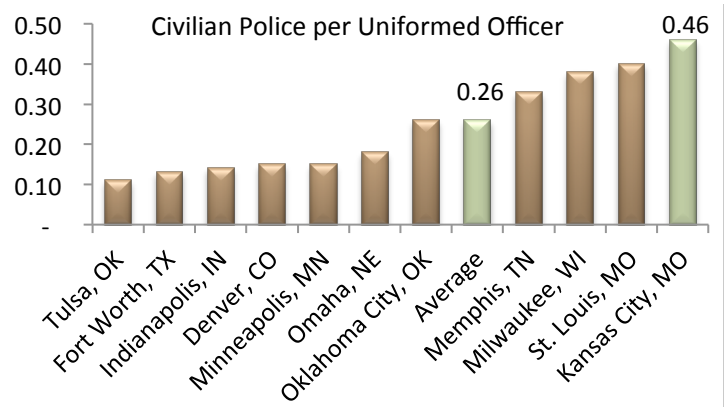
Public Safety is the largest category, and one of the fastest growing activities. A significant shift in spending priorities to public safety in the last 10 years has impacted the City's ability to address long-term liabilities and other critical non-public safety functions.

General Fund Operating Expenditures

	FY 2004-05	FY 2014-15 Adopted	Annual Increase
Police	138,402,995	201,745,264	3.8%
Fire	73,115,920	94,104,751	2.6%
All Other	115,988,762	124,394,552	0.7%
TOTAL	327,507,677	420,244,567	2.5%

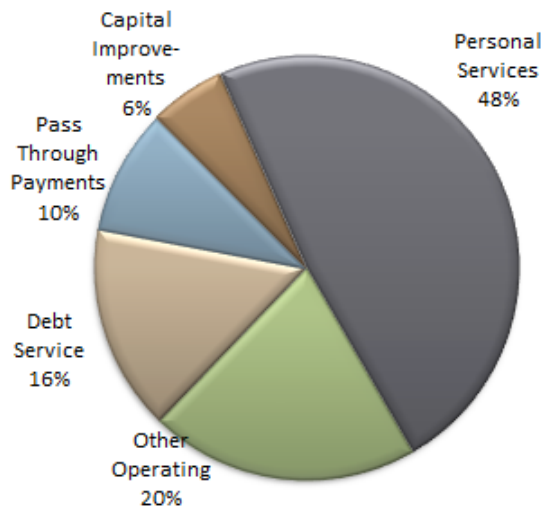


In his 2014-15 Budget message, the City Manager asked the Police Department to implement efficiencies through permanent reductions, consolidations, or outsourcing of support operations. The civilian police force is higher than most peer cities, and often duplicative of City support staff:



Expenditures by Appropriation Unit

Personal Services (wages and benefits) account for 48 percent of total expenditures, funding 3,499 public safety employees and 1,713 non-public safety positions.



In the General Fund, salaries and benefits comprise more than two-thirds of total expenditures. Changes in any of these categories have a significant impact on the City's bottom line.

Expenditure Growth Rates for Five-Year Model

Based on historical trends and negotiated increases, the baseline model uses the following:

Police/Fire personnel: 0%, 4.0% thereafter

All other personnel: 0%, 2.0% thereafter

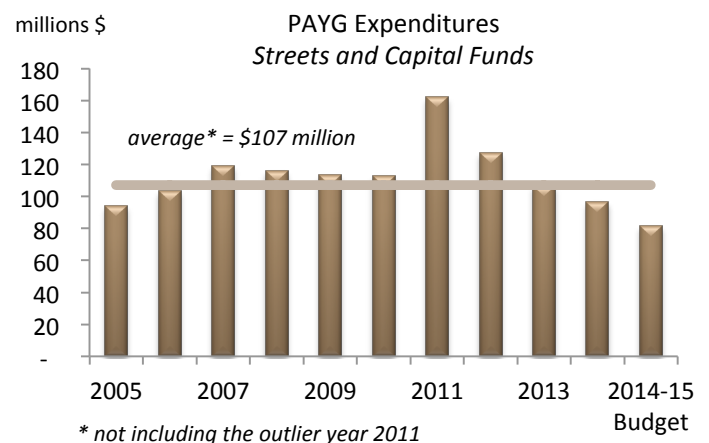
Employer health contributions: 5.0%

Full funding of the Actuarial Required Contribution (ARC) for pension benefits

Capital Improvements and Infrastructure Maintenance

The decline of physical assets such as streets and buildings have far-reaching effects on business activity, property values, and operating expenditures. Detailed budget data and performance measures can be used to measure expenditures and deferrals by asset type, and gauge citizen satisfaction with asset condition.

Kansas City has had too many years of deferred maintenance. Those decisions to underfund basic services and infrastructure mean the City now faces a growing gap between sources and needs. At a little more than \$80 million funded in FY 2014-15, the level remains far below the amounts needed to address the backlog—that in all likelihood cannot be funded solely pay-as-you-go. The City needs a disciplined approach to funding infrastructure maintenance, or risk facing this same costly backlog again.



The fiscal planning model uses the five-year plan adopted by the Public Improvements Advisory Committee (PIAC).

FIVE-YEAR PLANNING MODEL

The purpose of financial planning is to reduce the likelihood of resorting to worst-case financial alternatives. With a five-year planning model the City can:

- assess the current environment and respond to changes;
- estimate the long-term financial implications of current and proposed policies;
- illustrate the likely financial outcomes of particular courses of actions;
- develop commitment to the organization's vision and mission, and achieve consensus on strategies and objectives for achieving that mission.

The model forecasts both revenue and expenditures, but in very different ways.

Revenues

The question answered in a five-year planning model related to revenues is: What is the likely level of resources the City can expect given certain changes in economic and demographic variables? Revenues are impacted by a myriad of variables largely outside the City's control. Finance Department staff uses sophisticated modeling to identify those variables and to correlate them to anticipated revenue collections. These revenue models provide a range of future growth rates that are then used to estimate the level of funding available for budget deliberations. Growth rates will now also inform the model.

Expenditures

The question answered in a five-year planning model related to expenditures is: What changes in funding and/or service levels are required to meet our highest priorities? Expenditures are impacted by economic and demographic variables, but expenditure levels can be controlled through management decisions. Because the City is required to adopt a balanced budget each year, expenditures are matched to available resources. Now, the long-term impacts of those choices can be evaluated in the model.

Traditional forecasting practice is to present current expenditures times a growth rate (for example, each department can increase the budget by 5%). Implied in this growth rate are assumptions for inflation, population changes, and expectations for service demand. An expanded formula breaks out these assumptions.

$$\text{Current service level (SL)} = \frac{\text{Employees}}{\text{Clients}^1}$$

$$\text{Employee forecast (EF)} = \text{SL} * \text{Client forecast}$$

$$\text{Expenditures} = \frac{\text{Expenditures} * \text{EF} * \text{Growth rate}}{\text{Employees}}$$

This equation provides a plausible story about the future using the world of today as a starting point. It assumes that the ratio of current expenditures per employee is the most efficient level of service delivery that can be achieved in the near future. And it assumes that the ratio of employees per population is adequate. Given these two truths, the equation then forecasts the current level of service forward for changes in economic and demographic assumptions.

Scenarios

The model generates alternative "what if" scenarios based on varying assumptions for population, inflation, mandates, number of employees, salary increases, health care costs, capital requirements, and many more. Although it is common practice to develop pessimistic, optimistic and "most likely" scenarios, *planning is more valuable when scenarios chosen are all equally plausible*. This allows strategic decisions to be tested against likely outcomes, not potential extremes. And this approach reinforces the idea of the model as a planning tool that can produce financial strategies that work under any scenario.

¹ Where "clients" can vary per function: population, miles of streets, acres of parks, etc.

Scenarios can highlight strengths and weaknesses across a variety of outcomes. Scenarios focus decisions on *critical values* – those are that are likely to have large impacts on a scenario. And scenarios will not predict what *will* happen, but will provide the flexible thinking required to respond *if* something happens. Results are summarized by graphs, benchmarked to City financial policies.

2015-2020 Model Scenarios

For purposes of this report, staff modeled changes in revenue, expenditure, and debt assumptions to produce a Baseline Scenario and a Balanced Scenario.

The **Baseline Scenario** estimates the impact on financial ratios based on “what we know”: future assumptions with high probability and plausibility.

The **Balanced Scenario** demonstrates changes in revenue, expenditures, and debt assumptions that, if implemented, would achieve the City’s financial objectives to:

- achieve a structurally balanced budget
- develop a time-specific funding plan to meet the City’s adopted goal of maintaining a fund balance of at least two months’ worth of expenditures

Assumptions in the **Balanced Scenario** include the following:

1. 33% increase in Fines and Forfeitures in FY 2014-15, sustained through forecast period.
2. 5% annual savings in worker’s compensation claims beginning in 2016 (including police).
3. Citywide fleet replacement program beginning in 2016 (8 year lease purchase funding).
4. Equalized salary growth rates for all functions (2.0% per year, 2017-2020)

Link to the Budget

The model influences budget formulation by identifying financial parameters as part of the strategy to reach fiscal balance. The budget is then used to operationalize the financial plan by implementing specific financial strategies, funding service level preferences, identifying a set of spending assumptions, and linking operating, capital, and debt planning efforts. A successful plan is supported by strong guidance from the City Council on what the organization values and believes to be important as expressed through official policy. **Because the model is built to be flexible, staff anticipates annual enhancements to ensure a match between the financial plan and evolving service demands.**

Fiscal Years Ended 2015 - 2020 Financial Plan
Scenario Description: Baseline

Fiscal Years Ended 2015 - 2020 Financial Plan

Scenario Description: Baseline

FY 2014-15 revenues and expenditures equal adopted budget except: overtime for Fire increased \$2 million to match current usage

Earnings taxes increase 2.5% per year (optimistic) and is renewed for five more years starting January 2017

No new employees throughout the forecast period

Employer contributions to health insurance increase 5.0% per year

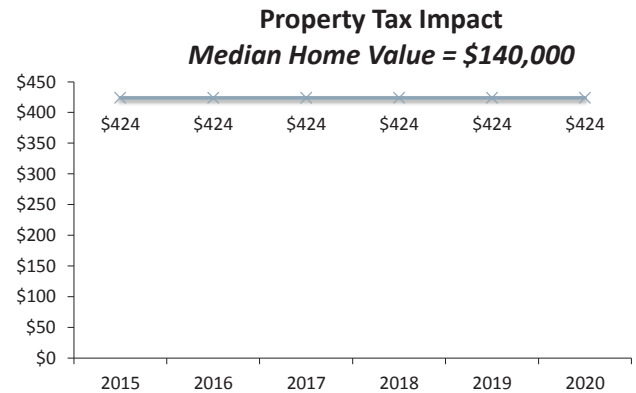
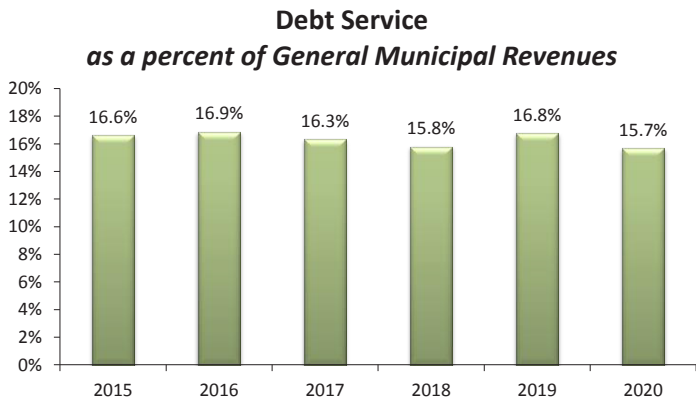
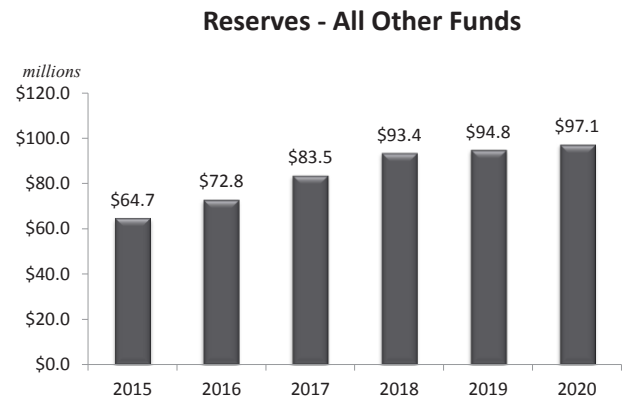
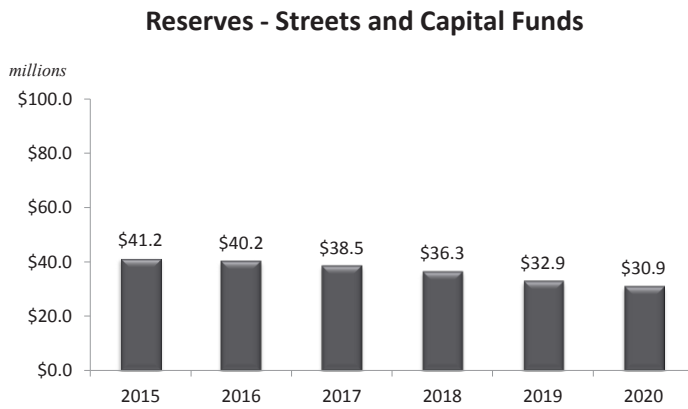
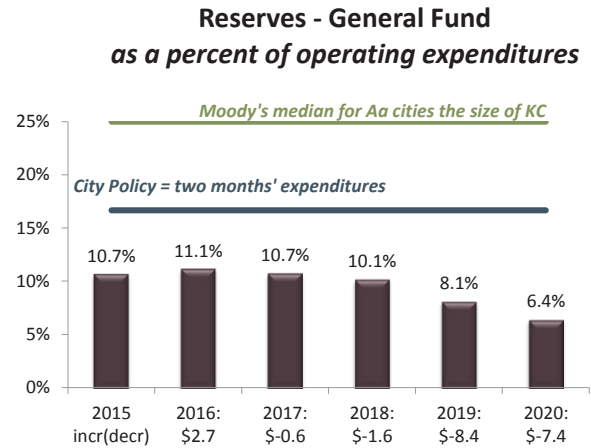
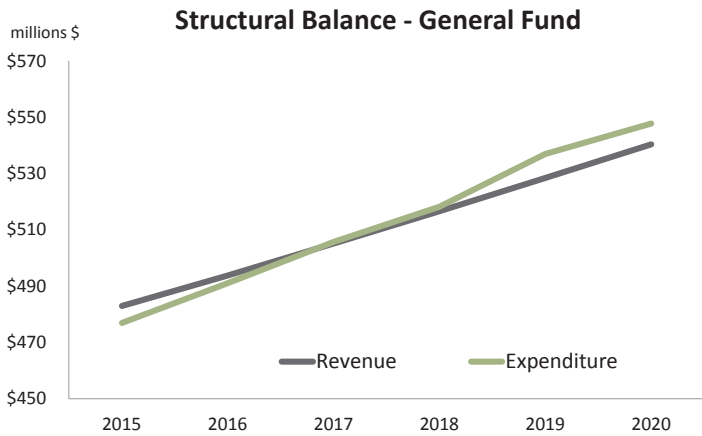
Pension contributions reflect 2013 actuary reports with a 2.0% adjustment in 2020

Salary freeze in 2016, 4.0% for public safety (historical growth rate), 2.0% all other functions

Highlighted Service Level Statistics

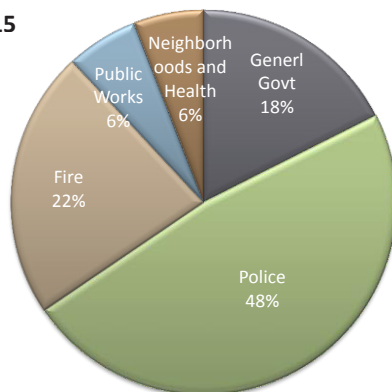
	2015	2016	2017	2018	2019	2020
General Fund structural balance	1.01	1.01	1.00	1.00	.98	.99
target:	1.00	1.00	1.00	1.00	1.00	1.00
General Fund fund balance	11%	11%	11%	10%	8%	6%
target:	17%	17%	17%	17%	17%	17%
Public Safety as a percent of General Fund operating	71%	70%	71%	71%	71%	72%
target:						
PAYG Streets and Other Capital						
Current Funding Level	\$81.1	\$89.6	\$91.3	\$93.0	\$95.6	\$95.4
Enhanced Operations	-	-	-	-	-	-
Principal of New Debt Issues	-	-	-	-	-	-
Percent of Fleet within Life Cycle	44.7%	37.1%	30.2%	22.3%	15.9%	12.2%
target:	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%

Fiscal Years Ended 2015 - 2020 Financial Plan

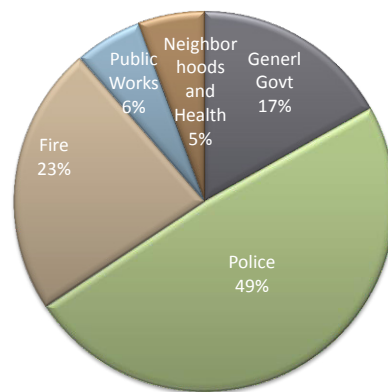


Allocation Analysis: General Fund Operating Expenses

2015



2020



Fiscal Years Ended 2015 - 2020 Financial Plan *Assumptions*

	10-Year Trends	2015 estimated	<i>Annual</i>				
			2016	2017	2018	2019	2020
Demographic Assumptions							
2015 estimated population		465,000					
Population growth	0.46%		0.5%	0.5%	0.5%	0.5%	0.5%
Revenue Assumptions							
Budget variance	-8% to +7%	1.0%					
Earnings Tax							
Rate			1.0%	1.0%	1.0%	1.0%	1.0%
Annual Increase	2.4%		2.5%	2.5%	2.5%	2.5%	2.5%
Sales Tax							
Rate			2.875%	2.875%	2.875%	2.875%	2.875%
Annual Increase	1.2%		1.5%	1.5%	1.5%	1.5%	1.5%
Property Tax							
Mill Levy			1.5932	1.5932	1.5932	1.5932	1.5932
Annual Increase	2.1%		1.5%	1.5%	1.5%	1.5%	1.5%
Utility Franchise Increase	4.1%		3.5%	3.5%	3.5%	3.5%	3.5%
Revenue additions/deletions		-	(570,000)	-	-	-	-
Employee Assumptions							
Annual employee additions (deletions)		-	-	-	-	-	-
Employees (FTE's) per 1,000 Population		11.6	11.5	11.5	11.4	11.4	11.3
General Government		2.1	2.1	2.1	2.1	2.0	2.0
Police Uniform		3.1	3.1	3.1	3.1	3.1	3.1
Police Civilian		1.5	1.5	1.5	1.5	1.5	1.5
Fire Uniform		2.8	2.7	2.7	2.7	2.7	2.7
Fire Civilian		0.1	0.1	0.1	0.1	0.1	0.1
Public Infrastructure		0.2	0.2	0.2	0.2	0.2	0.2
Neighborhoods and Health		1.9	1.8	1.8	1.8	1.8	1.8
Operating Scenarios							
General Fund Initiative 1		-	-	-	-	-	-
General Fund Initiative 2		-	-	-	-	-	-
Other Funds Initiative 1		-	-	-	-	-	-
Other Funds Initiative 2		-	-	-	-	-	-

Fiscal Years Ended 2015 - 2020 Financial Plan Assumptions

	10-Year Trends	2015 estimated	Annual				
			2016	2017	2018	2019	2020
Expenditure Assumptions							
Budget variance	-4% to +8%	-1.0%					
Marginal Cost as a percent of Average Cost			70%	70%	70%	70%	70%
General Government							
Salaries			0.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health			5.0%	5.0%	5.0%	5.0%	5.0%
Operating			2.0%	2.0%	2.0%	2.0%	2.0%
Police							
Salaries			0.0%	4.0%	4.0%	4.0%	4.0%
Insurance-Health			5.0%	5.0%	5.0%	5.0%	5.0%
Operating			2.0%	2.0%	2.0%	2.0%	2.0%
Fire							
Salaries			-0.6%	4.0%	4.0%	4.0%	4.0%
Insurance-Health			5.0%	5.0%	5.0%	5.0%	5.0%
Operating			2.0%	2.0%	2.0%	2.0%	2.0%
Public Works							
Salaries			0.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health			5.0%	5.0%	5.0%	5.0%	5.0%
Operating			2.0%	2.0%	2.0%	2.0%	2.0%
Neighborhoods and Health							
Salaries			0.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health			5.0%	5.0%	5.0%	5.0%	5.0%
Operating			2.0%	2.0%	2.0%	2.0%	2.0%
Pension additions/reductions							
General Fund		-	-	-	-	-	-
All Other GA Funds		-	-	-	-	-	-
New Debt Issues							
General Fund			-	-	-	-	-
All Other GA Funds			-	-	-	-	-
PAYG Capital Projects							
In-District		53,268,334	53,268,334	59,941,744	61,010,341	62,057,822	64,013,243
Roadways		21,407,958	21,407,958	20,557,571	20,937,801	21,323,735	21,715,458
Buildings		18,816,010	18,816,010	22,643,123	28,745,079	27,573,201	32,448,035
Parks and Recreation		5,175,000	5,175,000	4,175,000	4,175,000	4,175,000	4,175,000
Walkways		4,619,366	4,619,366	3,194,366	3,194,366	3,194,366	3,194,366
Flood Control		1,500,000	1,500,000	2,000,000	2,000,000	2,000,000	2,000,000
Bridges		250,000	250,000	7,171,684	1,758,095	3,591,520	280,384
		1,500,000	1,500,000	200,000	200,000	200,000	200,000

Fiscal Years Ended 2015 - 2020 Financial Plan

Five-Year Forecast Summary

	2015 budget	2015 estimate	2016	2017	2018	2019	2020
GENERAL FUND							
Revenue							
Earnings Tax	220,100,000	222,301,000	227,858,525	233,554,988	239,393,863	245,378,709	251,513,177
Sales Tax	-	-	-	-	-	-	-
Local Use Tax	31,350,000	31,663,500	32,138,453	32,620,529	33,109,837	33,606,485	34,110,582
Property	55,095,556	55,083,152	55,909,400	56,748,041	57,599,261	58,463,250	59,340,199
Utility Franchise	98,490,000	99,474,900	102,956,522	106,560,000	110,289,600	114,149,736	118,144,976
All Other	92,142,615	93,043,029	93,881,271	95,087,721	96,178,241	97,246,833	98,057,002
Redirections	(21,939,200)	(21,970,200)	(22,346,600)	(22,847,300)	(23,305,600)	(23,774,000)	(24,249,000)
Transfers In	3,312,788	3,312,788	3,322,658	3,332,676	3,342,844	3,353,165	3,363,641
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Total Revenue	478,551,759	482,908,169	493,720,228	505,056,655	516,608,047	528,424,179	540,280,578
Expenditures by Program							
General Government	59,914,949	59,315,800	59,948,702	61,303,641	62,693,477	64,119,297	65,582,232
Police	177,059,469	175,288,874	176,819,889	183,551,445	190,551,690	197,831,672	205,402,903
Fire	81,642,811	82,826,382	83,134,398	86,308,995	89,611,009	93,045,718	96,618,624
Public Works	22,062,234	21,841,612	22,213,721	22,682,298	23,161,461	23,651,483	24,152,646
Neighborhoods and Health	21,664,814	21,448,166	21,759,405	22,243,595	22,739,918	23,248,741	23,770,441
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Contingent Appropriation	4,800,000	4,800,000	4,900,000	5,100,000	5,200,000	5,300,000	5,500,000
Pension	57,900,290	57,900,290	57,900,290	57,786,587	59,100,901	60,172,834	61,376,291
Debt Service	12,643,184	12,643,184	14,959,635	15,228,422	11,497,507	10,366,732	9,421,982
Capital Improvements	-	-	-	-	-	-	-
Transfers Out	40,864,722	40,864,722	49,349,403	51,433,842	53,608,157	59,137,099	55,841,662
Total Expenditures	478,552,473	476,929,030	490,985,442	505,638,825	518,164,120	536,873,577	547,666,781
Expenditures by Category							
Salaries	235,418,624	235,064,438	234,564,438	242,992,803	251,739,219	260,816,026	270,236,049
Insurance-Health	38,456,302	38,071,739	39,975,326	41,974,092	44,072,797	46,276,437	48,590,259
Pension	57,900,290	57,900,290	57,900,290	57,786,587	59,100,901	60,172,834	61,376,291
Operating	49,319,213	48,826,021	49,802,541	50,798,592	51,814,564	52,850,855	53,907,872
Other Operating	39,150,138	38,758,637	39,533,809	40,324,486	41,130,975	41,953,595	42,792,667
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Contingent Appropriation	4,800,000	4,800,000	4,900,000	5,100,000	5,200,000	5,300,000	5,500,000
Debt Service	12,643,184	12,643,184	14,959,635	15,228,422	11,497,507	10,366,732	9,421,982
Capital Improvements	-	-	-	-	-	-	-
Transfers Out	40,864,722	40,864,722	49,349,403	51,433,842	53,608,157	59,137,099	55,841,662
Total Expenditures	478,552,473	476,929,030	490,985,442	505,638,825	518,164,120	536,873,577	547,666,781
Reserves - General Fund	38,715,656	46,472,813	49,207,599	48,625,428	47,069,355	38,619,956	31,233,752
<i>percent of operating expenditures</i>	<i>8.8%</i>	<i>10.7%</i>	<i>11.1%</i>	<i>10.7%</i>	<i>10.1%</i>	<i>8.1%</i>	<i>6.4%</i>

Fiscal Years Ended 2015 - 2020 Financial Plan

Five-Year Forecast Summary

	2015 budget	2015 estimate	2016	2017	2018	2019	2020
ALL OTHER GOVERNMENTAL ACTIVITIES FUNDS							
Revenue							
Sales and Use Tax	132,150,000	133,471,500	137,955,755	140,025,091	142,125,468	144,257,350	146,421,210
Property	62,132,462	62,109,220	63,040,859	63,986,472	64,946,269	65,920,463	66,909,270
Tourism and Leisure	51,450,000	51,964,500	52,743,968	53,535,127	54,338,154	55,153,226	55,980,525
Licenses & Permits	6,364,505	6,428,150	6,460,291	6,492,592	6,525,055	6,557,680	6,590,469
Service Charges	42,176,295	42,598,058	43,237,029	43,885,584	44,543,868	45,212,026	45,890,206
Grants	38,020,941	38,401,150	37,831,150	37,831,150	37,831,150	37,831,150	37,831,150
All Other	35,599,946	35,955,945	36,675,064	37,408,566	38,156,737	38,919,872	39,698,269
Redirections	(13,417,090)	(13,447,200)	(14,130,900)	(14,819,900)	(15,132,800)	(15,450,800)	(15,759,776)
Rental Income	232,063	234,384	239,071	243,853	248,730	253,704	258,778
Transfers In	39,861,985	39,861,985	39,184,898	40,869,427	42,640,277	47,745,680	44,023,958
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Total Revenue	394,571,107	397,577,693	403,237,185	409,457,962	416,222,907	426,400,351	427,844,059
Expenditures by Program							
General Government	35,829,275	35,470,982	35,974,941	36,752,434	37,548,376	38,363,282	39,197,683
Police	12,429,129	12,304,838	12,428,262	12,848,604	13,284,475	13,736,485	14,205,264
Fire	42,673,808	42,247,070	42,541,183	44,113,070	45,746,110	47,442,757	49,205,567
Public Works	5,667,621	5,610,945	5,710,859	5,826,858	5,945,265	6,066,134	6,189,519
Neighborhoods and Health	69,642,533	68,946,108	69,927,884	71,453,558	73,016,102	74,616,570	76,256,055
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Pension	7,914,999	7,914,999	7,032,333	7,137,353	7,256,611	7,383,095	7,558,405
Debt Service	126,505,258	126,505,258	129,232,149	127,012,245	128,550,201	141,049,255	135,071,446
Capital Improvements	1,700,000	1,700,000	300,000	300,000	300,000	300,000	300,000
Pass through Programs	87,722,242	88,599,464	89,928,456	91,277,383	92,646,544	94,036,242	95,446,786
Transfers Out	2,008,000	2,008,000	2,017,870	2,027,888	2,038,056	2,048,377	2,058,853
Total Expenditures	392,092,865	391,307,664	395,093,938	398,749,394	406,331,741	425,042,196	425,489,576
Expenditures by Category							
Salaries	79,464,581	78,669,935	78,669,935	81,023,830	83,456,022	85,969,327	88,566,665
Insurance-Health	9,595,520	9,499,565	9,974,543	10,473,270	10,996,934	11,546,780	12,124,119
Pension	7,914,999	7,914,999	7,032,333	7,137,353	7,256,611	7,383,095	7,558,405
Operating	32,626,260	32,299,997	32,945,997	33,604,917	34,277,016	34,962,556	35,661,807
Other Operating	44,556,005	44,110,445	44,992,654	45,892,507	46,810,357	47,746,564	48,701,495
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Debt Service	126,505,258	126,505,258	129,232,149	127,012,245	128,550,201	141,049,255	135,071,446
Capital Improvements	1,700,000	1,700,000	300,000	300,000	300,000	300,000	300,000
Pass through Programs	87,722,242	88,599,464	89,928,456	91,277,383	92,646,544	94,036,242	95,446,786
Transfers Out	2,008,000	2,008,000	2,017,870	2,027,888	2,038,056	2,048,377	2,058,853
Total Expenditures	392,092,865	391,307,664	395,093,938	398,749,394	406,331,741	425,042,196	425,489,576
Reserves - All Other Funds	67,102,094	64,674,919	72,818,166	83,526,735	93,417,901	94,776,056	97,130,539
<i>percent of expenditures</i>	22.3%	21.6%	24.0%	27.4%	30.0%	28.8%	29.6%

Fiscal Years Ended 2015 - 2020 Financial Plan

Five-Year Forecast Summary

	2015 budget	2015 estimate	2016	2017	2018	2019	2020
STREETS AND CAPITAL FUNDS							
Revenue							
Sales and Use Tax	70,900,000	71,609,000	71,963,500	73,042,953	74,138,597	75,250,676	76,379,436
Property	-	-	-	-	-	-	-
Tourism and Leisure	-	-	-	-	-	-	-
Licenses & Permits	2,190,750	2,212,658	2,223,721	2,234,839	2,246,014	2,257,244	2,268,530
Service Charges	253,300	255,833	259,670	263,566	267,519	271,532	275,605
Grants	18,211,390	18,393,504	18,393,504	18,393,504	18,393,504	18,393,504	18,393,504
All Other	555,000	560,550	571,761	583,196	594,860	606,757	618,892
Redirections	(9,688,900)	(9,688,900)	(10,158,000)	(10,618,500)	(10,844,300)	(11,067,400)	(11,288,748)
Rental Income	43,473	43,908	43,908	43,908	43,908	43,908	43,908
Transfers In	15,034,567	15,034,567	15,636,639	16,030,649	16,438,565	16,856,753	17,285,938
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Total Revenue	97,499,580	98,421,119	98,934,703	99,974,114	101,278,666	102,612,973	103,977,065
Expenditures by Program							
General Government	1,165,748	1,154,091	1,164,509	1,189,695	1,215,481	1,241,881	1,268,914
Police	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Public Works	26,925,783	26,656,525	27,044,703	27,638,639	28,247,106	28,870,527	29,509,341
Neighborhoods and Health	361,367	357,753	363,282	370,900	378,689	386,651	394,793
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Pension	1,382,407	1,382,407	1,382,407	1,382,407	1,382,407	1,382,407	1,382,407
Debt Service	6,657,761	6,658,531	4,220,857	4,265,673	4,300,026	4,344,025	4,365,961
Capital Improvements	51,568,334	51,568,334	59,641,744	60,710,341	61,757,822	63,713,243	62,859,388
Pass through Programs	-	-	-	-	-	-	-
Transfers Out	14,704,184	14,704,184	6,144,488	6,138,588	6,143,038	6,137,688	6,140,588
Total Expenditures	102,765,584	102,481,825	99,961,990	101,696,244	103,424,569	106,076,423	105,921,392
Expenditures by Category							
Salaries	10,702,097	10,595,076	10,595,076	10,806,978	11,023,117	11,243,579	11,468,451
Insurance-Health	1,773,016	1,755,286	1,843,050	1,935,203	2,031,963	2,133,561	2,240,239
Pension	1,382,407	1,382,407	1,382,407	1,382,407	1,382,407	1,382,407	1,382,407
Operating	8,601,129	8,515,118	8,685,420	8,859,128	9,036,311	9,217,037	9,401,378
Other Operating	7,376,656	7,302,889	7,448,947	7,597,926	7,749,885	7,904,882	8,062,980
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Debt Service	6,657,761	6,658,531	4,220,857	4,265,673	4,300,026	4,344,025	4,365,961
Capital Improvements	51,568,334	51,568,334	59,641,744	60,710,341	61,757,822	63,713,243	62,859,388
Pass through Programs	-	-	-	-	-	-	-
Transfers Out	14,704,184	14,704,184	6,144,488	6,138,588	6,143,038	6,137,688	6,140,588
Total Expenditures	102,765,584	102,481,825	99,961,990	101,696,244	103,424,569	106,076,423	105,921,392
Reserves - Streets and Capital Funds	3,594,890	41,212,565	40,185,279	38,463,149	36,317,246	32,853,796	30,909,469

Fiscal Years Ended 2015 - 2020 Financial Plan
Scenario Description: Balanced

Fiscal Years Ended 2015 - 2020 Financial Plan

Scenario Description: Balanced

All assumptions of Baseline Scenario:

FY 2014-15 revenues and expenditures equal adopted budget except:
overtime for Fire increased \$2 million to match current usage

Earnings taxes increase 2.5% per year, renewed for five more years starting January 2017

No new employees throughout the forecast period

Employer contributions to health insurance increase 5.0% per year

Pension contributions reflect 2013 actuary reports with a 2.0% adjustment in 2020

Salary freeze in 2016

Plus:

33% increase in Fines and Forfeitures in FY 2014-15, sustained through forecast period

5% annual savings in worker's compensation claims beginning in 2016 (including police)

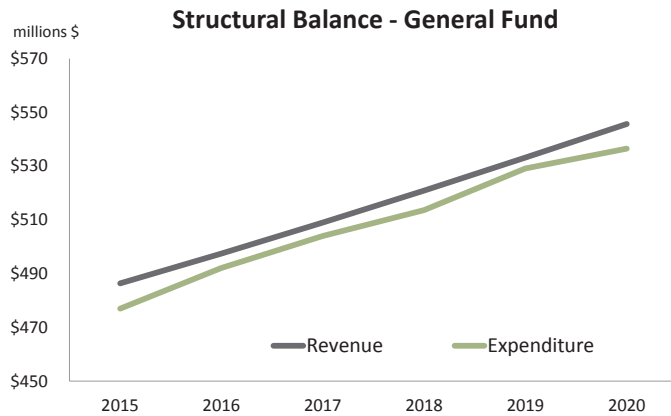
Citywide fleet replacement program beginning in 2016 (8 year lease purchase funding)

Equalized salary growth rates for all functions (2.0% per year, 2017-2020)

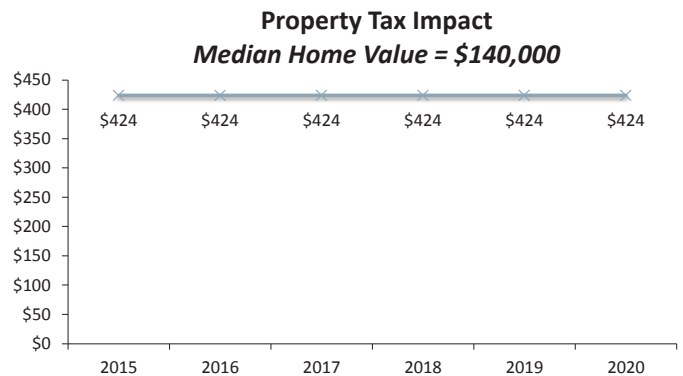
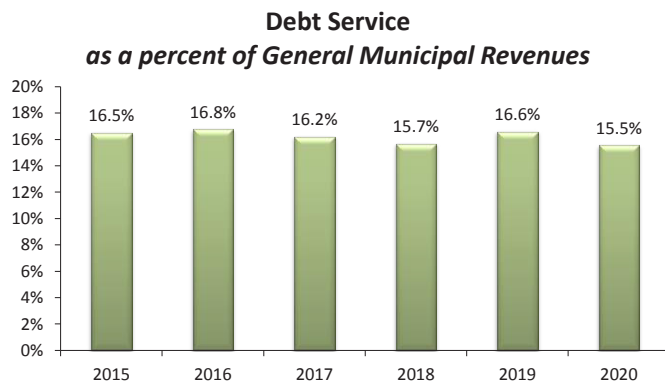
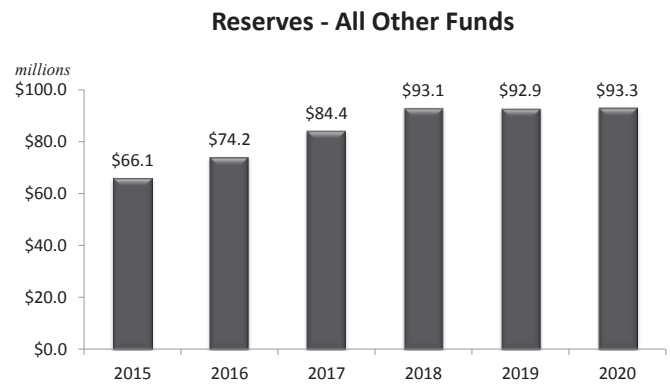
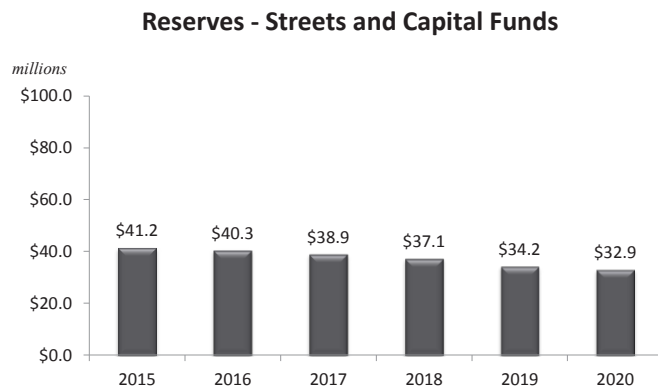
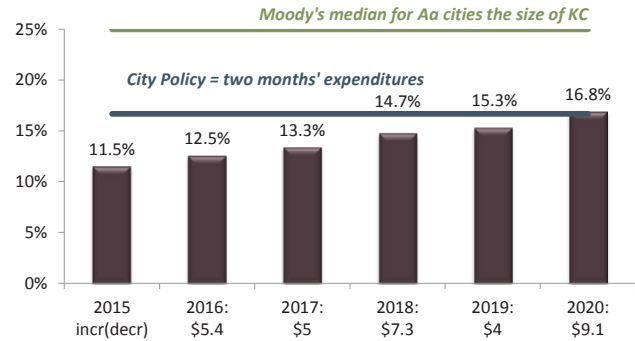
Highlighted Service Level Statistics

	2015	2016	2017	2018	2019	2020
General Fund structural balance	1.02	1.01	1.01	1.01	1.01	1.02
target:	1.00	1.00	1.00	1.00	1.00	1.00
General Fund fund balance	11%	13%	13%	15%	15%	17%
target:	17%	17%	17%	17%	17%	17%
Public Safety as a percent of General Fund operating	71%	70%	70%	70%	69%	69%
target:						
PAYG Capital						
Current Performance Level	\$81.1	\$89.6	\$91.2	\$92.9	\$95.5	\$95.2
Enhanced Street Operations	-	-	-	-	-	-
Principal of New Debt Issues	-	-	-	-	-	-
Percent of Fleet within Life Cycle	44.7%	49.6%	55.2%	59.8%	65.9%	74.7%
target:		90.0%	90.0%	90.0%	90.0%	90.0%

Fiscal Years Ended 2015 - 2020 Financial Plan

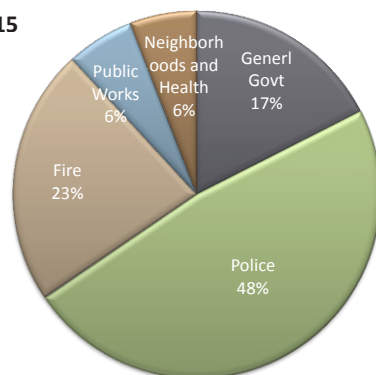


Reserves - General Fund as a percent of operating expenditures

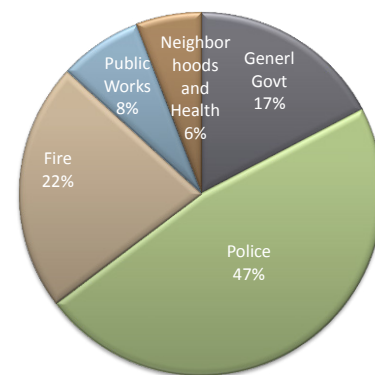


Allocation Analysis: General Fund Operating Expenses

2015



2020



Fiscal Years Ended 2015 - 2020 Financial Plan

Assumptions

	10-Year Trends	2015 estimated	<i>Annual</i>				
			2016	2017	2018	2019	2020
Demographic Assumptions							
2015 estimated population		465,000					
Population growth	0.46%		0.5%	0.5%	0.5%	0.5%	0.5%
Revenue Assumptions							
Budget variance	-8% to +7%	1.0%					
Earnings Tax							
Rate			1.0%	1.0%	1.0%	1.0%	1.0%
Annual Increase	2.4%		2.5%	2.5%	2.5%	2.5%	2.5%
Sales Tax							
Rate			2.875%	2.875%	2.875%	2.875%	2.875%
Annual Increase	1.2%		1.5%	1.5%	1.5%	1.5%	1.5%
Property Tax							
Mill Levy			1.5932	1.5932	1.5932	1.5932	1.5932
Annual Increase	2.1%		1.5%	1.5%	1.5%	1.5%	1.5%
Utility Franchise Increase	4.1%		3.5%	3.5%	3.5%	3.5%	3.5%
Revenue additions/deletions		4,900,000	(570,000)	-	-	-	-
Employee Assumptions							
General Government			-	-	-	-	-
Police Uniform			-	-	-	-	-
Police Civilian			-	-	-	-	-
Fire Uniform			-	-	-	-	-
Fire Civilian			-	-	-	-	-
Public Infrastructure			-	-	-	-	-
Neighborhoods and Health			-	-	-	-	-
Annual employee additions (deletions)			-	-	-	-	-
Employees (FTE's) per 1,000 Population		11.6	11.5	11.5	11.4	11.4	11.3
General Government		2.1	2.1	2.1	2.1	2.0	2.0
Police Uniform		3.1	3.1	3.1	3.1	3.1	3.1
Police Civilian		1.5	1.5	1.5	1.5	1.5	1.5
Fire Uniform		2.8	2.7	2.7	2.7	2.7	2.7
Fire Civilian		0.1	0.1	0.1	0.1	0.1	0.1
Public Infrastructure		0.2	0.2	0.2	0.2	0.2	0.2
Neighborhoods and Health		1.9	1.8	1.8	1.8	1.8	1.8
Operating Scenarios							
General Fund Fleet replacement		-	1,500,000	3,000,000	4,500,000	6,000,000	7,500,000
General Fund		-	-	-	-	-	-
Other Funds Fleet replacement: Parks		-	500,000	1,000,000	1,500,000	2,000,000	2,500,000
Other Funds Fleet replacement: Fire		-	1,300,000	2,600,000	3,900,000	5,200,000	6,500,000

Fiscal Years Ended 2015 - 2020 Financial Plan Assumptions

	10-Year Trends	2015 estimated	<i>Annual</i>				
			2016	2017	2018	2019	2020
Expenditure Assumptions							
Budget variance	-4% to +8%	-1.0%					
Marginal Cost as a percent of Average Cost			70%	70%	70%	70%	70%
General Government							
Salaries			0.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health			5.0%	5.0%	5.0%	5.0%	5.0%
Operating			1.4%	1.4%	1.4%	1.4%	1.4%
Police							
Salaries			0.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health			5.0%	5.0%	5.0%	5.0%	5.0%
Operating			1.6%	1.6%	1.6%	1.6%	1.7%
Fire							
Salaries			-0.6%	2.0%	2.0%	2.0%	2.0%
Insurance-Health			5.0%	5.0%	5.0%	5.0%	5.0%
Operating			0.8%	0.8%	0.9%	0.9%	0.9%
Public Works							
Salaries			0.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health			5.0%	5.0%	5.0%	5.0%	5.0%
Operating			1.3%	1.3%	1.3%	1.4%	1.4%
Neighborhoods and Health							
Salaries			0.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health			5.0%	5.0%	5.0%	5.0%	5.0%
Operating			1.8%	1.8%	1.8%	1.8%	1.8%
Pension additions/reductions							
General Fund		-	-	-	-	-	-
All Other GA Funds		-	-	-	-	-	-
New Debt Issues							
General Fund			-	-	-	-	-
All Other GA Funds			-	-	-	-	-
PAYG Capital Projects							
In-District		53,268,334	53,268,334	59,941,744	61,010,341	62,057,822	64,013,243
Roadways		21,407,958	21,407,958	20,557,571	20,937,801	21,323,735	21,715,458
Buildings		18,816,010	18,816,010	22,643,123	28,745,079	27,573,201	32,448,035
Parks and Recreation		5,175,000	5,175,000	4,175,000	4,175,000	4,175,000	4,175,000
Walkways		4,619,366	4,619,366	3,194,366	3,194,366	3,194,366	3,194,366
Flood Control		1,500,000	1,500,000	2,000,000	2,000,000	2,000,000	2,000,000
Bridges		250,000	250,000	7,171,684	1,758,095	3,591,520	280,384
		1,500,000	1,500,000	200,000	200,000	200,000	200,000

Fiscal Years Ended 2015 - 2020 Financial Plan

Five-Year Forecast Summary

	2015 budget	2015 estimate	2016	2017	2018	2019	2020
GENERAL FUND							
Revenue							
Earnings Tax	220,100,000	222,301,000	227,858,525	233,554,988	239,393,863	245,378,709	251,513,177
Sales Tax	-	-	-	-	-	-	-
Local Use Tax	31,350,000	31,663,500	32,138,453	32,620,529	33,109,837	33,606,485	34,110,582
Property	55,095,556	55,083,152	55,909,400	56,748,041	57,599,261	58,463,250	59,340,199
Utility Franchise	98,490,000	99,474,900	102,956,522	106,560,000	110,289,600	114,149,736	118,144,976
All Other	92,142,615	96,543,029	97,634,484	99,063,849	100,495,695	102,038,144	103,469,816
Redirections	(21,939,200)	(21,970,200)	(22,346,600)	(22,847,300)	(23,305,600)	(23,774,000)	(24,249,000)
Transfers In	3,312,788	3,312,788	3,322,658	3,332,676	3,342,844	3,353,165	3,363,641
Op Scenario:	-	-	-	-	-	-	-
Op Scenario:	-	-	-	-	-	-	-
Total Revenue	478,551,759	486,408,169	497,473,441	509,032,782	520,925,500	533,215,489	545,693,392
Expenditures by Program							
General Government	59,914,949	59,315,800	59,933,702	61,273,341	62,647,571	64,057,473	65,504,171
Police	177,059,469	175,288,874	176,719,889	180,779,367	184,951,289	189,239,467	193,647,865
Fire	81,642,811	82,826,382	82,904,398	84,677,396	86,503,100	88,383,426	90,320,371
Public Works	22,062,234	21,841,612	22,192,721	22,639,878	23,097,192	23,564,930	24,043,361
Neighborhoods and Health	21,664,814	21,448,166	21,737,405	22,199,155	22,672,589	23,158,066	23,655,952
Op Scenario: Fleet replacement	-	-	1,500,000	3,000,000	4,500,000	6,000,000	7,500,000
Op Scenario:	-	-	-	-	-	-	-
Op Scenario:	-	-	-	-	-	-	-
Contingent Appropriation	4,800,000	4,800,000	4,900,000	5,100,000	5,200,000	5,300,000	5,500,000
Pension	57,900,290	57,900,290	57,900,290	57,786,587	59,100,901	60,172,834	61,376,291
Debt Service	12,643,184	12,643,184	14,959,635	15,228,422	11,497,507	10,366,732	9,421,982
Capital Improvements	-	-	-	-	-	-	-
Transfers Out	40,864,722	40,864,722	49,301,394	51,335,883	53,458,999	58,935,462	55,586,234
Total Expenditures	478,552,473	476,929,030	492,049,433	504,020,029	513,629,149	529,178,389	536,556,228
Expenditures by Category							
Salaries	235,418,624	235,064,438	234,564,438	239,255,727	244,040,841	248,921,658	253,900,091
Insurance-Health	38,456,302	38,071,739	39,975,326	41,974,092	44,072,797	46,276,437	48,590,259
Pension	57,900,290	57,900,290	57,900,290	57,786,587	59,100,901	60,172,834	61,376,291
Operating	49,319,213	48,826,021	49,414,541	50,014,832	50,627,129	51,251,671	51,888,705
Other Operating	39,150,138	38,758,637	39,533,809	40,324,486	41,130,975	41,953,595	42,792,667
Op Scenario: Fleet replacement	-	-	1,500,000	3,000,000	4,500,000	6,000,000	7,500,000
Op Scenario:	-	-	-	-	-	-	-
Op Scenario:	-	-	-	-	-	-	-
Contingent Appropriation	4,800,000	4,800,000	4,900,000	5,100,000	5,200,000	5,300,000	5,500,000
Debt Service	12,643,184	12,643,184	14,959,635	15,228,422	11,497,507	10,366,732	9,421,982
Capital Improvements	-	-	-	-	-	-	-
Transfers Out	40,864,722	40,864,722	49,301,394	51,335,883	53,458,999	58,935,462	55,586,234
Total Expenditures	478,552,473	476,929,030	492,049,433	504,020,029	513,629,149	529,178,389	536,556,228
Reserves - General Fund	38,715,656	49,972,813	55,396,820	60,409,574	67,705,925	71,743,026	80,880,190
<i>percent of operating expenditures</i>	8.8%	11.5%	12.5%	13.3%	14.7%	15.3%	16.8%

Fiscal Years Ended 2015 - 2020 Financial Plan

Five-Year Forecast Summary

	2015 budget	2015 estimate	2016	2017	2018	2019	2020
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ALL OTHER GOVERNMENTAL ACTIVITIES FUNDS

Revenue

Sales and Use Tax	132,150,000	133,471,500	137,955,755	140,025,091	142,125,468	144,257,350	146,421,210
Property	62,132,462	62,109,220	63,040,859	63,986,472	64,946,269	65,920,463	66,909,270
Tourism and Leisure	51,450,000	51,964,500	52,743,968	53,535,127	54,338,154	55,153,226	55,980,525
Licenses & Permits	6,364,505	6,428,150	6,460,291	6,492,592	6,525,055	6,557,680	6,590,469
Service Charges	42,176,295	42,598,058	43,237,029	43,885,584	44,543,868	45,212,026	45,890,206
Grants	38,020,941	38,401,150	38,023,156	38,213,272	38,404,338	38,596,360	38,789,342
All Other	35,599,946	37,355,945	38,289,844	39,247,090	40,228,267	41,233,974	42,264,823
Redirections	(13,417,090)	(13,447,200)	(14,130,900)	(14,819,900)	(15,132,800)	(15,450,800)	(15,759,776)
Rental Income	232,063	234,384	240,243	246,249	252,406	258,716	265,184
Transfers In	39,861,985	39,861,985	39,136,889	40,771,468	42,491,119	47,544,043	43,768,530
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-

Total Revenue	394,571,107	398,977,693	404,997,133	411,583,046	418,722,143	429,283,037	431,119,782
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Expenditures by Program

General Government	35,829,275	35,470,982	35,964,941	36,732,234	37,517,772	38,322,066	39,145,642
Police	12,429,129	12,304,838	12,428,262	12,701,978	12,982,426	13,269,803	13,564,314
Fire	42,673,808	42,247,070	42,528,183	43,452,941	44,400,553	45,371,695	46,367,067
Public Works	5,667,621	5,610,945	5,710,859	5,826,858	5,945,265	6,066,134	6,189,519
Neighborhoods and Health	69,642,533	68,946,108	69,891,884	71,380,838	72,905,927	74,468,192	76,068,709
Op Scenario: Fleet replacement:	-	-	500,000	1,000,000	1,500,000	2,000,000	2,500,000
Op Scenario: Fleet replacement:	-	-	1,300,000	2,600,000	3,900,000	5,200,000	6,500,000
Pension	7,914,999	7,914,999	7,032,333	7,137,353	7,256,611	7,383,095	7,558,405
Debt Service	126,505,258	126,505,258	129,232,149	127,012,245	128,550,201	141,049,255	135,071,446
Capital Improvements	1,700,000	1,700,000	300,000	300,000	300,000	300,000	300,000
Pass through Programs	87,722,242	88,599,464	89,928,456	91,277,383	92,646,544	94,036,242	95,446,786
Transfers Out	2,008,000	2,008,000	2,017,870	2,027,888	2,038,056	2,048,377	2,058,853

Total Expenditures	392,092,865	391,307,664	396,834,938	401,449,718	409,943,356	429,514,859	430,770,741
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Expenditures by Category

Salaries	79,464,581	78,669,935	78,669,935	80,243,334	81,848,201	83,485,165	85,154,868
Insurance-Health	9,595,520	9,499,565	9,974,543	10,473,270	10,996,934	11,546,780	12,124,119
Pension	7,914,999	7,914,999	7,032,333	7,137,353	7,256,611	7,383,095	7,558,405
Operating	32,626,260	32,299,997	32,886,997	33,485,737	34,096,452	34,719,381	35,354,769
Other Operating	44,556,005	44,110,445	44,992,654	45,892,507	46,810,357	47,746,564	48,701,495
Op Scenario: Fleet replacement:	-	-	500,000	1,000,000	1,500,000	2,000,000	2,500,000
Op Scenario: Fleet replacement:	-	-	1,300,000	2,600,000	3,900,000	5,200,000	6,500,000
Debt Service	126,505,258	126,505,258	129,232,149	127,012,245	128,550,201	141,049,255	135,071,446
Capital Improvements	1,700,000	1,700,000	300,000	300,000	300,000	300,000	300,000
Pass through Programs	87,722,242	88,599,464	89,928,456	91,277,383	92,646,544	94,036,242	95,446,786
Transfers Out	2,008,000	2,008,000	2,017,870	2,027,888	2,038,056	2,048,377	2,058,853

Total Expenditures	392,092,865	391,307,664	396,834,938	401,449,718	409,943,356	429,514,859	430,770,741
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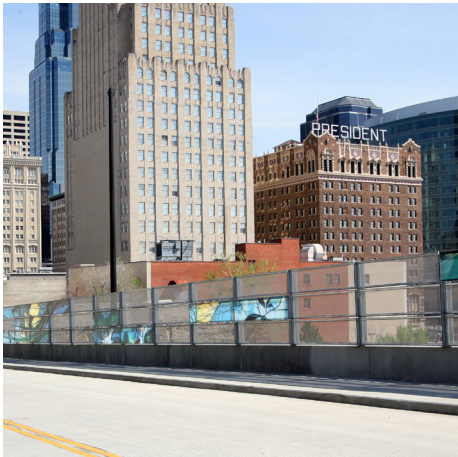
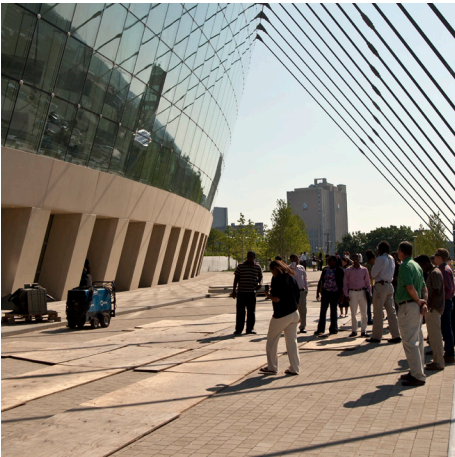
Reserves - All Other Funds

	67,102,094	66,074,919	74,237,114	84,370,442	93,149,230	92,917,408	93,266,450
<i>percent of expenditures</i>	22.3%	22.1%	24.4%	27.4%	29.6%	27.9%	28.0%

Fiscal Years Ended 2015 - 2020 Financial Plan

Five-Year Forecast Summary

	2015 budget	2015 estimate	2016	2017	2018	2019	2020
STREETS AND CAPITAL FUNDS							
Revenue							
Sales and Use Tax	70,900,000	71,609,000	71,963,500	73,042,953	74,138,597	75,250,676	76,379,436
Property	-	-	-	-	-	-	-
Tourism and Leisure	-	-	-	-	-	-	-
Licenses & Permits	2,190,750	2,212,658	2,223,721	2,234,839	2,246,014	2,257,244	2,268,530
Service Charges	253,300	255,833	259,670	263,566	267,519	271,532	275,605
Grants	18,211,390	18,393,504	18,485,471	18,577,899	18,670,788	18,764,142	18,857,963
All Other	555,000	560,550	574,564	588,928	603,651	618,742	634,211
Redirections	(9,688,900)	(9,688,900)	(10,158,000)	(10,618,500)	(10,844,300)	(11,067,400)	(11,288,748)
Rental Income	43,473	43,908	43,908	43,908	43,908	43,908	43,908
Transfers In	15,034,567	15,034,567	15,636,639	16,030,649	16,438,565	16,856,753	17,285,938
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Total Revenue	97,499,580	98,421,119	99,029,474	100,164,241	101,564,741	102,995,597	104,456,842
Expenditures by Program							
General Government	1,165,748	1,154,091	1,164,509	1,189,695	1,215,481	1,241,881	1,268,914
Police	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Public Works	26,925,783	26,656,525	27,010,703	27,569,959	28,143,053	28,730,393	29,332,404
Neighborhoods and Health	361,367	357,753	363,282	370,900	378,689	386,651	394,793
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Pension	1,382,407	1,382,407	1,382,407	1,382,407	1,382,407	1,382,407	1,382,407
Debt Service	6,657,761	6,658,531	4,220,857	4,265,673	4,300,026	4,344,025	4,365,961
Capital Improvements	51,568,334	51,568,334	59,641,744	60,710,341	61,757,822	63,713,243	62,859,388
Pass through Programs	-	-	-	-	-	-	-
Transfers Out	14,704,184	14,704,184	6,144,488	6,138,588	6,143,038	6,137,688	6,140,588
Total Expenditures	102,765,584	102,481,825	99,927,990	101,627,564	103,320,515	105,936,289	105,744,455
Expenditures by Category							
Salaries	10,702,097	10,595,076	10,595,076	10,806,978	11,023,117	11,243,579	11,468,451
Insurance-Health	1,773,016	1,755,286	1,843,050	1,935,203	2,031,963	2,133,561	2,240,239
Pension	1,382,407	1,382,407	1,382,407	1,382,407	1,382,407	1,382,407	1,382,407
Operating	8,601,129	8,515,118	8,651,420	8,790,448	8,932,257	9,076,903	9,224,441
Other Operating	7,376,656	7,302,889	7,448,947	7,597,926	7,749,885	7,904,882	8,062,980
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Debt Service	6,657,761	6,658,531	4,220,857	4,265,673	4,300,026	4,344,025	4,365,961
Capital Improvements	51,568,334	51,568,334	59,641,744	60,710,341	61,757,822	63,713,243	62,859,388
Pass through Programs	-	-	-	-	-	-	-
Transfers Out	14,704,184	14,704,184	6,144,488	6,138,588	6,143,038	6,137,688	6,140,588
Total Expenditures	102,765,584	102,481,825	99,927,990	101,627,564	103,320,515	105,936,289	105,744,455
Reserves - Streets and Capital Funds	3,594,890	41,212,565	40,314,049	38,850,726	37,094,952	34,154,259	32,866,647



CONCLUSION

This second edition of the Citywide Business Plan provides detail on three key components: the Strategic Planning Process, the Financial Strategic Plan, and the Five-Year Planning Model. The system is not designed to project the future financial situation of the City; however, it does provide an important benchmark for management to monitor and develop strategies for problem areas and to maintain positive trends.

This year's process was a collaborative effort that began with the Mayor and the City Council clarifying its values, vision, mission and goals for the next five years. Department directors for the first time spoke with a unified voice to identify objectives that meet the City Council goals.

Key to the success of the plan is involvement of citizens and the business community. Public involvement in financial strategy development legitimizes the choices made to achieve structural balance, and ensures those choices reflect stakeholders' priorities and preferences for service levels. Citizens and the business community are customers of public services, owners by virtue of paying taxes and voting, and through strategic planning, can be partners in working to achieve public goals. The FY 2015-2020 Citywide Business Plan will include a public participation component to inform the Mayor and City Council of resident and business input before the FY 2015-16 budget is submitted for adoption.

The Five-Year Planning model analyzes in detail the City's main operating fund (General Fund), Streets and Capital Improvements Funds, and all other Governmental Activities Funds. The Citywide Business Plan process is built to be flexible and dynam-

ic, requiring annual updates, reviews, and enhancements that can be modified to reflect current priorities. Periodic reports are issued, but the process is never final.

Future enhancements will:

- Continue to expand linking expenditures to service outcomes
- Incorporate service level decision packages in budget deliberations
- Propose scenarios to meet the City's financial objectives while balancing the City's portfolio of services in the Council goals of Public Safety; Transportation and Infrastructure; Neighborhoods and Healthy Communities; Planning, Zoning and Economic Development; Customer Service; and Finance and Governance.

The strategic priorities and issues contained within this plan will provide the Mayor and City Council with the information necessary to formulate long-term strategies to ensure the availability of City services at a level appropriate to meet the needs of the community. The City is positioned to begin transforming its budget process from an exercise in balancing revenues and expenditures one year at a time, to a tool that will be strategic in nature, encompassing a multi-year financial and operating plan that allocates resources based on the priorities identified by the City Council.

We are now better positioned to answer the central question entrusted to us by the Citizens' Commission on Municipal Revenue at the conclusion of their 2012 report:

What kind of city are we going to be, will we be mediocre or will we be great, and how do we balance the books to get there?

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APPENDIX A

2014-19 Citywide Business Objectives

Citywide Objectives	
Operationalize Council goals and objectives into a comprehensive, renewable five-year strategic plan.	✓
Develop multi-year business plans for each department that meet service goals while staying consistent with financial realities.	in progress
Strategic Planning Objectives	
Perform a financial analysis to evaluate the fiscal impact of proposed major expenditures and investments to determine a multi-year strategy for funding City priorities.	✓
Link budget allocations to measured service levels.	in progress
Revenue Objectives	
Maintain a balanced, diversified and administratively efficient revenue structure, not overly dependent on one sector or one tax base or external funding sources.	ongoing
Revenues should be free from spending restrictions to allow adjustments to changing conditions. Develop appropriate renewal or replacement strategies for taxes with renewal requirements.	ongoing
Remain diligent in evaluation of projects that could result in substitution effects, driving tax revenue away from non-TIF areas, and thereby resulting in lower aggregate revenue.	✓
To the extent practicable and equitable, fee supported services should be self-supporting.	action pending
Consider both horizontal and vertical tax equity—the fair distribution of tax burden—on businesses, residents and nonresidents when considering new, renewing and continuing revenue sources. Leverage tax exporting opportunities—taxes paid by non-residents using City services—to ease the overall burden on the City's taxpayers.	action pending
Expenditure Objectives	
Adopt a model portfolio of services and adjust the City's expenditure ratios as needed to maintain portfolio balance.	in progress
Evaluate alternative staffing and deployment models for public safety that improve outcomes and contain costs.	in progress
Contain health care costs, including opportunities such as HSA's and high deductible options, expanded incentives for participation in health management programs, and plan design.	action pending
Evaluate staffing ratios to ensure effective and efficient service delivery.	in progress
Evaluate employee compensation to ensure levels are sufficient to recruit and retain quality personnel who can provide the highest level of productivity and customer satisfaction.	✓
Adopt ratios for an optimal mix of infrastructure financing methods (PAYG vs. debt financing vs. leveraged funds) that protects the City's investment, minimizes future replacement and maintenance costs, and ensures continued service.	in progress

Expenditure Objectives (continued)	
Develop an equipment and vehicle replacement plan using standard life cycle measures. Implement an annual purchasing plan integrated with a performance management/predictive maintenance program to lower maintenance and acquisition costs. Consider the use of alternative vehicle options in place of government-owned vehicles.	in progress
Debt Management Objectives	
Future bond issues for new spending should have a new revenue source.	ongoing
Adopt debt issuance target ratios.	in progress
Legacy Costs Objectives	
Ensure the actuarial soundness of the City's pension systems.	✓
Address other post-employment benefits liability through either plan design changes, direct funding, or both.	action pending
Structural Balance Objectives	
Adopt a plan to develop a structurally balanced budget by fiscal year 2019 based on the following factors: current expenditures equal current revenues, infrastructure condition assessment indices continue to improve toward stated goals, and long-term liabilities are addressed.	✓
Develop a time-specific funding plan to meet the City's adopted goal of maintaining a fund balance of at least two months' worth of expenditures.	✓



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Eric Clevenger, City Controller

Tammy Queen, City Treasurer

Krista Morrison, Financial Manager

Nicholas Hawkins, Analyst

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Jim Giles, Director of Council and Community Relations to Mayor Sly James

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We thank Mayor Sly James, Finance, Governance, and Ethics Committee Chair Jan Maracson, the City Council, the Civic Council Strike Force, other City staff, and business and civic leaders who provided critical information to guide our decisions.

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Consultant Julie Carmichael provided overall project management and, relying upon input and content provided by the project team, developed the Five-Year Strategic Fiscal Planning Model and this report.

